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The Nation's Business

Business Looks Ahead To Better Year

Looking ahead for 1940, Canadian business leaders are optimistic that the increase in payrolls and business activity which got under way toward the end of 1939 will be continued and exceeded in the new year. Some of the highlights of 1939 which command attention include:

An advance in The Financial Post business index in November to the highest level reached since the early months of 1929.

A rise of 18% in employment since April.

A gain of 10% in steel production in the past 11 months.

A steady increase in hydro-electric power consumption to a point 10% above 1938.

A gain of 7% in Canadian exports and a 31% rise in sales to United States.

Harvesting of one of the largest wheat crops on record with total field crop revenue up $91 millions at $635 millions—even on the basis of 70-cent wheat.

* * *

But Canadian business leaders who express their views this week to The Post on the outlook for 1940 temper their belief in bigger payrolls and increased activity with a genuine concern as to how much real profit there will be in the year's operations.

Two reasons are given for this concern.

1. The assurance of sharply higher taxes and uncertainty as to how much higher these taxes may have to rise to meet the tremendous load of combined war and peacetime budgets.

2. Uncertainty as to the amount of regimentation which governments may demand of business under guise of war emergency.

* * *

All governments and indeed all Canadians are vitally concerned about the profit and loss statements of Canadian business enterprise for 1940. Not only are profits the raw material from which a major share of the war effort is to be financed, they are also the material with which to finance any major capital expansion.

Nor must profits be confused with profiteering. Profiteering is outlawed in wartime by all right-thinking business concerns. On the contrary, profits are necessary and essential to economic, efficient industrial activity and expansion.

Unless and until governments recognize this fact; unless they do their part by holding taxes to the lowest possible point; unless they economize in every detail of war and peacetime outlay, all types of business (and not alone those concerned directly with war materials and supplies) will be handicapped.

* * *

Similarly with regimentation.

Business has shown itself willing and eager to co-operate in waging the economic war. But it has a right to expect not only the minimum of regimentation consistent with the war effort but also the maximum of frankness as regards plans and policies affecting the conduct of business enterprise.

Some uncertainty as to the degree of taxation and regimentation is unavoidable in time of war. But business can only make its best contribution to the war effort and to development of sound, long-term policies if government does its part. Removal of tax and control uncertainties and assurance that these be kept at the minimum is a prime responsibility of government toward profitable business conditions in 1940.

* * *

Mr. King's Party Makes Flagrant Breach

Replying on November 3 to the patronage charges of Dr. Manion, Prime Minister King made this emphatic statement:

"In every aspect of Canada's war effort my colleagues and I have taken and will continue to take, all possible precautions to see that partisanship, personal influence, or political patronage provide no avenue to promotion, personal advancement, or private or corporate profit.

"I have every reason to believe that in every department of the Government the utmost care has been exercised to carry out the known wishes of the Government in this particular."

Elsewhere on this page we reprint a portion of the four-column advertisement published by the Saskatoon Liberal Association in a last-minute attempt to return a Government candidate to the Saskatoon riding in the recent by-election contest.

Across the top of this advertisement is the glaring caption: "Will Saskatoon Get Its Share?" Underneath are press reports on the amount of money Canada is spending in war orders.

The clear inference was that if Saskatoon did not "Vote Government" it would be deprived of its "share" of the substantial moneys to be spent by the federal administration in respect of its war programme. Businessmen and workers were warned against what might happen

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Broader Basis Of Income Tax Debated

Need For New Revenue May Force Lowering of Present Exemptions

From Our Own Correspondent

OTTAWA. — With war costs mounting daily, the Government is searching diligently for new tax sources. The difficulty of trying to finance the war on a pay-as-you-go basis is seen in contrast between war expenditure of $1 million a day and income from new taxes imposed in the Ilsley war budget of last September, estimated to raise only one sixth of this amount.

One suggested new revenue source which has received much public discussion is a broadening of the income tax base to include a substantial proportion of the million and a half wage-earners not presently taxed on their incomes. The suggestion, sponsored in many quarters, is that the present exemptions of $2,000 for a married man and $1,000 for a single man be lowered.

Objections Raised

Some treasury officials are not enthusiastic over such a change. They point to figures which reveal that only $2 millions of tax revenue is obtained from the 150,000 taxpayers with incomes of $3,000 or less; that the bulk of income tax revenue comes not from wage-earners but from wealthy citizens.

To further extend the tax to lower wage groups would, it is argued. greatly increase the cost and effort of collecting the tax with very little commensurate return by way of tax revenue. The most efficient, effective way to make the income tax produce more revenue, they argue, is not to extend it to new groups but to increase the levy on those now paying tax by means of special surtax or generally higher rates as was done in the last Dominion budget.

Affect Present Payers

Another argument used against a lowering of the tax exemptions is that such action cannot be taken without affecting not only those who now pay no tax but also every other income taxpayer.

If the exemption for married men were lowered, say from $2,000 (as at present) to $1,000, this would mean that a person receiving a salary of $3,000 would find his "taxable" income increased 100%. Similarly taxpayers all along the line would be thrown automatically into much higher income tax groups. Thus to get $30 for each $1,000 of taxable income in the lower brackets, the Government would take up to $840 a year additional from each person in the top brackets.

In short, Ottawa argues, the present scale of taxation would prove unfair and discriminatory unless a complete revision of the existing tax rates were undertaken. Ottawa does not believe this is justified by the small amount of additional revenue which might be obtained.

Stimulate Tax Revenue

Despite these semi-official objections to the tax it is highly probable that some steps will be taken to lower the exemptions and thus bring the tax burden (magnified by steadily increasing Governmental and war costs) more closely home to the average wage-earner and citizen. Even if half a million wage-earners contributed an average of only $5 or $10 each to the Government the fact that they would be paying this tax directly would have an important psychological effect in bringing the cost of Canada's war effort nearer home.

Nearly two years ago before the Rowell-Sirois Commission, various representations were made to the Commission urging extension of the income tax to lower income groups. At that time figures were submitted to the Commission to show that on the then basis of taxation, a lowering of the exemption by $50 for single persons and $100 for married persons would bring in approximately $880,000. To lower the exemption to $1,500 for married persons and $750 for single persons would bring in $4.4 millions.

These estimates covered merely the increased revenue from persons already paying income tax.

Hit Small Incomes

Figures were also submitted to the Rowell Commission to the effect that incomes up to $10,000 would bear 82% estimated increase in revenue. Incomes over that amount would pay the remaining 18%.

Since these estimates were compiled the number of taxpayers and the rates of tax have been greatly increased which would considerably enlarge the revenue from this source.

Traditional objection in peacetime to any lowering of the income tax exemption is the political unwillingness to impose direct taxes. In wartime these objections can be readily made to disappear thus leaving tax collectors a more or less clear field in which to extend their levies.

Coming In The Post

The power situation in Canada and the St. Lawrence seaways project are vital considerations to Canada in her wartime role. This is the subject of a survey in a coming issue of The Post.

Can Germany support a great offensive on strongly prepared Allied positions? Will the stupendous cost in metals, machinery and men block any effort to break the armed deadlock? Conclusions of a staff writer will provide the answer to what equipment modern warfare will require.

More of the interesting and profitable investment contest entries will be published next week.

Enemy Agents' Lies Cut Tourist Trade

Shrinkage in Business From United States Sources Blamed Chiefly on Widespread German Propaganda Campaign

From Our Own Correspondent

OTTAWA. — Persistent shrinkage in Canada's tourist trade from the United States since the war began has led official Ottawa to the conclusion that lying German propaganda is largely at the root of the trouble.

By all indications, the enemy propaganda machine is leaving no stone unturned to injure the interests, economic as well as military, of Britain and the Dominions. The similarity of false rumors about Canadian travel conditions reported from widely scattered parts of the United States, and the continuing, apparently organized spread of such tales, support the suspicion that German agents are seeking to wither up Canada's valuable tourist business.

Despite efforts to combat circulation of wild stories about wartime travel in Canada, considerable damage has already been done to one of the most important props of Canada's favorable balance of trade. Further corrective measures will probably have to be taken to moderate threat of additional damage. It is feared the loss may run over $40 millions.

Decline in Traffic

The story begins shortly after the outbreak of war when tourist traffic from the United States declined steeply. This caused no anxiety at Ottawa. After all, the war brought dislocation and uncertainty and no doubt many Americans thought it as well to stay at home until things had settled down. But when the decline continued through October and November there was surprise and a growing anxiety.

In November it was strange that the hunting season, which usually brings a great many visitors from the United States, should suddenly have lost its attractiveness. What would happen when the winter sports season began? Would American sportsmen and women forego their annual excursions to the snowy playgrounds of the north?

Ottawa began to be haunted by the nightmare of a steadily shrinking tourist income. After all tourists have been spending almost as much money in Canada as Canada proposes to spend on war for the first full year of hostilities.

Light Dawns

And then letters began to reach the Department of Transport and Leo Dolan, the chief of the tourist bureau, suddenly began to understand what had happened. For the letters asked such questions as these:

"Is it true that the Canadian Government is seizing all cars brought into Canada by American tourists and is using them for war purposes?"

"What truth is there in the report which is circulating here—that your Government is taking all the American money in the possession of those who visit Canada and is giving them only 59 cents on the dollar in Canadian money."

"I am told that Americans visiting Canada are having great difficulty getting back home on account of the activities of your Dominion police. Is this true?"

Widespread Rumors

There were about half a dozen different stories each one calculated to stop any American who did not know much about Canada but who proposed to visit this country. Letters have come from many widely separated points—Boston, New York, Chicago, St. Louis, Seattle, San Francisco and so on.

All the letters follow the same patterns; the figure of 59 cents, for example, is mentioned by correspondents who could not possibly have got it from the same source.

Investigation so far has failed to trace these stories back to an original source. Every time the originator was a man or a woman who pretended to have experienced the difficulties complained of. And always the story was told dramatically.

For example, one of these stories was run to earth in a big hotel in a city on the Atlantic seaboard. The clerk who had spread the report said that a prosperous, substantial look-

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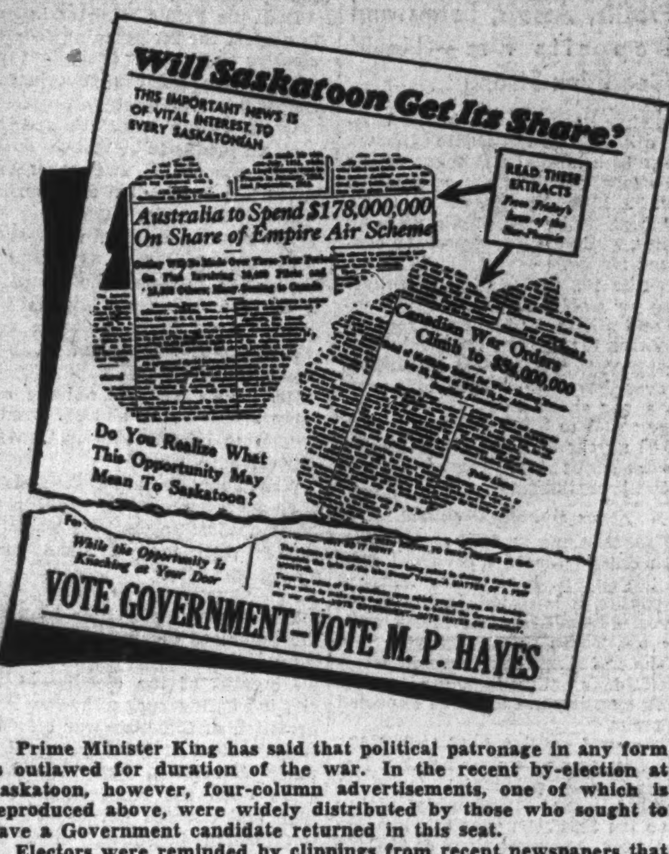

Prime Minister King has said that political patronage in any form is outlawed for duration of the war. In the recent by-election at Saskatoon, however, four-column advertisements, one of which is reproduced above, were widely distributed by those who sought to have a Government candidate returned in this seat.

Electors were reminded by clippings from recent newspapers that millions of dollars was being spent by the Government on war orders. The question was asked, "Will Saskatoon get its share?" The inference was clearly drawn that unless electors "Voted Government" the city would not get its share of this war business.

In fact in the body of the advertisement, businessmen and workers were warned against what might happen if they "refused to offer . . . co-operation to the Government."

The Government candidate was defeated at Saskatoon.

C. N. Revenues Best Since '31

From Our Own Correspondent

MONTREAL.—Preliminary figures indicate that gross revenues of Canadian National Railways for 1939 will exceed $200 millions for the first time since 1931, according to a year-end survey issued by S. J. Hungerford, chairman and president of the company.

Operating revenues are placed at $203 millions and expenses $183 millions, leaving net revenue of $20 millions, for an operating ratio of 90.15%. This contrasts with operating income of $182 millions, expenses of $176 millions and net revenue of $6 millions, for an operating ratio of 96.67%.

Air Training Plan Effect On Business Limited

Canadian business still awaits definite word on many vital points in the British Commonwealth Air Training Plan. But it is now very evident that, as The Financial Post has been reporting for weeks, the actuality for Canada will be very considerably smaller than indicated, in the visible future, at least,

Present activity on the plan is limited mainly to making surveys for new airports, to training instructors and organizing the permanent personnel.

No new contracts for aircraft have been awarded since the plan was announced and, it is indicated, these are not likely to be awarded for some weeks yet.

One prime characteristic of the joint scheme as finally accepted by the Canadian government is flexibility. That is, the scheme in practice may be very great or quite modest, depending on the course war takes.

Moderate Scale

Present plans apparently call for starting on quite a moderate scale, producing not a great many more airmen than Canada would have been training in any case for her own R.C.A.F. But the plan does involve improving on present training facilities immediately. It will also create the skeleton of an organization with equipment which will be able to swing into large-scale production of airmen whenever the need justifies.

For Canadian business, which anticipated a great influx of Empire airmen, and substantial material gains from the enormous spending programmes indicated by the big figures continually mentioned in connection with the plan, the outlook right now is not very impressive.

The $600 million figure mentioned as the cost estimate of the plan in full operation is understood to apply to the total costs not only in Canada, as long understood, but in United Kingdom, Australia and New Zealand as well. Failure to make this point clear over the past several months has been very misleading in most appraisals.

Insurance Policy

"The plan is really an insurance policy—The Empire's aerial ace in the hole" was the way one informed Ottawa figure explained the plan to this writer. "The Britishers sent here to negotiate wanted Canada to start at once on a big programme, news of which would be calculated to be impressive abroad. But Ottawa took the stand that they fight to the limit of Canada's capacity.

"Small figures to Britishers can be pretty big for Canada," he continued. "The original scheme lacked flexibility. It would have involved Canada in an enormous capital expense which she would recover only through the training of pilots, both her own and from Empire countries. Should the war be halted in the next year or so, this country would have been saddled with an enormous air training plant for which she would have had but little use.

"The present scheme takes into consideration Canada's capacity, the probable needs for Empire airmen; also the aspect of what can be done with the air training plant when peace is achieved. It will definitely contribute to the Empire cause," he concluded.

Initial Scope

Basis of present Government plans is to have at the outset around 1,200 pilots in elementary flight training at a time, "graduating" at the rate of perhaps 50 every few weeks. In addition, there would be some 800 in training as air observers and some 1,200 as air gunners at one time, with a somewhat similar graduation speed.

The number of Canadian youths who get into the system are of course very much greater than will emerge as trained airmen. It is estimated that only about 50% of Canadian youths of the right age and background will be acceptable for preliminary training on health grounds, eyesight, etc. Severe examinations and aptitude standards will probably flunk another 40% of the youths admitted to training.

Surveys Made

Surveys for new airfields have been under way for some weeks but are by no means finished, it is stated. General policy of the plan is to use existing facilities as much as possible. Hence, many airports across Canada are likely to be improved in physical condition and equipment. Flying clubs which have been doing the training work for the R.C.A.F. will likely benefit.

Commercial schools for the training of pilots are also seeking to have the Government make use of their personnel, equipment and training experience. While it seems that no definite policy on this point has yet been worked out, likelihood is that they will be made use of where possible.

Though the creation of some 67 schools has been mentioned for the scheme when fully operative, it is pointed out that these will not be in as many different locations; frequently there will be operating advantages in having several different types of schools grouped in one place.

Regional Basis

To create a comprehensive skeleton system the plan is being organized on a four-region basis — Montreal, Toronto, Winnipeg and Vancouver. This means that these sections will have a fairly complete air training unit with elementary school, medium and advanced schools for pilots, observers and bombers, etc.

Original facilities in each region need not be great, but will make for ready expansion. The surveys now being made all across Canada with the help of provincial highway engineers and Transport Department engineers do not by any means indicate that immediate development of all these fields is planned.

Ever since the plan was first mooted, thousands of letters and scores of appellants have been descending on Ottawa, trying to sell acres of cow pasture, old factories and the rest. Nearly all are going

(Continued on page 2, col. 6)

Dosco Wage-bill Tops $17 Millions

From Our Own Correspondent

MONTREAL. — Dominion Steel and Coal Corp. paid out $17 millions in wages to its workers in the Cape Breton area during 1939. Employees at the steel mills in Sydney received $5 millions for the year's work, while over $12 millions found its way into the pay envelopes of the miners.

During the present year the Dosco plant at Sydney operated at 82% of its capacity, a record said to be unequalled by any other steel works in Canada or the United States.

Quebec Power Operators Experience Wide Gains

From Our Own Correspondent

MONTREAL.—Reflecting a substantial increase in output, the 29 principal distributors of electrical energy in Quebec received a revenue of nearly $40 millions from sales during the first nine months of 1939, compared with $37.3 millions for the like period of 1938.

According to returns released by the Provincial Electricity Board, total production to the end of September, 1939, was 11,045 million kw.h., compared with 9,799 million kw.h. for the like period of 1938. Primary sales in Quebec totalled 4,872 million kw.h. and primary export sales 2,534 millions. Comparative figures for 1938 are 4,462 millions and 1,982 million kw.h., respectively.

Industrial Load Heavy

In the breakdown of primary energy sold in Quebec, the principal point of interest was the heavy increase in the industrial load. At the same time both domestic and commercial demands showed a satisfactory increase over the 1938 figures. Demands for transportation purposes and the sale of wholesale power to the municipalities shows relatively little change.

Revenue received by the 29 principal distributors from sales in the province followed the trend of production, except in the case of sales of energy for transportation. Revenue from domestic sales increased nearly $400,000, while industrial power revenue moved up nearly $1 million.

Export Revenue Up

In addition to the sales in Quebec, the distributors received a revenue for the first nine months of 1939 of $6,745,314 from export sales. This contrasts with $5,950,577 for the like period of 1938.

Assets at Peak For Royal Bank

Total Increases $106.6 Millions to Pass $1 Billion Level

From Our Own Correspondent

MONTREAL.—For the second time in its history the annual financial statement of the Royal Bank of Canada shows assets in excess of $1 billion. At Nov. 30, the end of its 1939 year, assets amounted to $1,014,708,000, an increase of $106.6 millions over last year's figures and the highest asset level on record. At the same time the bank reports earnings at $3,724,842, a slight increase over 1938.

The balance sheet reflects Government financing. Deposits by and balances due to the Dominion Government increased during the year from around $1.5 million to over $40 millions.

Non-interest bearing deposits by the public moved up from $356.5 millions to $412.4 millions. Amounts owing to banks and banking correspondents in the United Kingdom and foreign countries jumped from $18.5 millions to $30 millions.

Loans Much the Same

The demand for call and short-term loans continued throughout the year at a low point, those in Canada amounting to only $14.6 millions as against $12.9 millions a year ago. Outside of Canada call and short-term loans increased from $7.6 millions to $10.5 millions.

Current loans and discounts in Canada are moderately higher at $212.6 millions compared with $198.2 millions a year ago. Outside of Canada, on the other hand, current loans and discounts declined from $101.6 millions to $89.3 millions. Holdings of Dominion and Provincial Government securities, maturing within two years, advanced sharply from $106.4 millions to $179.4 millions.

Other Dominion and Provincial Government securities held by the bank declined during the year from $153.3 millions to $136.1 millions. Holdings of this type of security on Nov. 30 last were the lowest reported since 1936.

Changes From Year Ago

The balance sheet as a whole shows that at the end of the fiscal year 4% of all assets represented deposits by and balances due to the Dominion Government. A year ago less than 2% of all assets listed fell under this category.

Probably the most interesting item is that a year ago deposits by the public were over 86% of all assets; at the end of last month the percentage had dropped to 81. Of more significance is the fact only 41% of the public deposits now bear interest, whereas a year ago 47% of the deposits bore interest.

The bank is finding less use (relatively) for its resources in ordinary commercial banking. Current and discount loans both in Canada and abroad at the end of the past fiscal year totalled less than 11% of all assets, whereas the percentage a year ago was over 13.

While the statement shows a sharp increase in the actual dollar investment in Dominion and provincial short-term securities during 1938-

(Continued on page 2, col. 3)

Cub Aircraft Completes Financing Arrangement

Cub Aircraft Corp. has made an option and underwriting agreement with Dalworth Investments Ltd., covering 200,000 shares, according to information given the Montreal Curb Exchange. Dalworth Investments has taken a firm commitment to purchase 20,000 shares at $2.50 a share, less 5% commission, on or before Jan. 6, 1940, and has received an option on 180,000 shares as follows: Three blocks of 20,000 shares each at $3 per share to be taken up by Feb. 6, Mar. 6 and Apr. 6, 1940, and one block of 20,000 shares at $3.25 per share by May 6, 1940; 50,000 shares at $3.50 per share by July 6, 1940, and 50,000 shares at $4 per share by Nov. 6, 1940. All taken up under the option agreement are subject to a commission of 5%.

Highlights

How Canadian business will likely fare in 1940 is appraised in The Financial Post's annual year-end canvass of representative opinion among industrial, business and financial leaders. In general the comments foresee expansion and speeding up of activity, offset to some extent by higher taxes and operating costs.

Bigger Payrolls Forecast—p. 11.

* * *

Emphasis on stocks to protect investments against inflationary wartime trends, feature both the "Investing in Wartime" contest entries published in this issue. Authors are Leon Frazer (honorable mention prize) and Hugh D. McKibbon, both of Toronto.

Investing in Wartime—p. 8 and 9.

* * *

How much "profit" is the Exchange Control Board making out of its monopoly of foreign exchange transactions? Careful analysis of such facts as are available indicates that earnings are running about $20 millions a year.

Exchange Control—p. 15.

* * *

Canada's mining industry is looking into 1940 with considerable optimism, and with majority of current factors pointing to profitable and progressive operations.

Mining Sees Ahead—p. 19.

* * *

General Index on p. 2.

Canada at War

Investing in Wartime—pp. 8, 9
Exchange Control Net—p. 15
Legion in Wartime—p. 3
Sabotage Guards—p. 14

Central Power All-time Record

Larger Share of Record November Output For Domestic Use

From Our Own Correspondent

MONTREAL. — Canada's central electric stations created a new record in November by producing 2,607 million kw.h., according to the Dominion Bureau of Statistics. This compares with 2,590 million kw.h., for October, 1939, the previous high output.

This was more than a seasonal increase as the index number rose from 245.39 for October to 248.53. The increase over Nov., 1938, output was 231 million kw.h. or 9.8%.

Increase Fairly General

All sections of the Dominion shared the increase, with the exception of the Prairies which recorded a minor decline.

Output figures for November with comparative figures for the same months of 1938 follow:

(Thousands of Kilowatt Hours)

	1939	1938
November		
Maritimes	85,765	77,945
Quebec	1,411,488	1,287,401
Ontario	741,612	649,491
Prairies	195,762	200,459
British Columbia	172,194	160,365
Total	2,606,821	2,375,661
11 Months Ended November		
Maritimes	815,574	796,392
Quebec	13,887,639	12,457,250
Ontario	7,329,031	6,773,813
Prairies	1,983,299	1,856,387
British Columbia	1,805,013	1,775,767
Total	25,820,556	23,659,609

More Power Used

Consumption of firm power, computed by deducting exports and deliveries to boilers from total output, also rose to a new high at 1,809 million kw.h.

Largest increase in consumption for firm power over last year was in Ontario where it increased by 130,301,000 kw.h., or 19.5%. In Quebec the increase was 31,212,000 kw.h., or 5.5%; in the Maritime Provinces 10,678,000 kw.h., or 15.4%; in the Prairie Provinces, 8,037,000 kw.h., or 5.4% and in British Columbia, 11,774,000 kw.h., or 7.4%.

Exports to the United States declined from 165,299,000 kw.h. a year ago to 155,246,000 kw.h., the decrease being all in off peak load.

Deliveries of secondary power to electric boilers rose to 642,262,000 kw.h. compared with 634,114,000 kw.h. in October and 593,051,000 kw.h. in November last year.

East York Plan Directions Out

Refunding Arrangements Announced by Protective Committee

Township of East York Debenture Holders' Protective Committee has informed debentures holders of exchange and payment arrangements in refunding of the township's debenture debt.

Principal amount of all unpaid debentures maturing prior to July 1, 1934, together with settlement of interest arrears to Dec. 31, 1939, are payable Dec. 28, 1939. New debentures with coupons for settlement of arrears of interest to Dec. 31, 1939, are expected to be available for exchange for debentures maturing from July 1, 1934, about March 20, 1940.

Holders of debentures maturing in 1933 or prior to July 1, 1934, are asked to forward the debentures with coupons attached to the Pape and Gowan Ave. branch of The Bank of Nova Scotia, Toronto. Holders of debentures maturing from July 1, 1934, will receive instructions for exchange at a later date.

Influences on Stocks Seen Varied in 1940

Rising Business Offset by Fear of Higher Taxes and Controls

By A. D. ELLWOOD
Investment Editor, The Financial Post

Stock market forecasting has always been an inexact science, but in wartime it becomes even more hazardous.

A year ago it could be said, that subject to a period of quiet in the field of international politics, the probable trend was reasonably promising. We did not have this necessary period of quiet in international politics, however, but first a series of steadily more serious alarms followed on Sept. 1 by the actual outbreak of a war which involves Canada and the rest of the British Empire.

For the coming year, our background must be largely supplied by the war and its apparent effects on Canadian business. For the moment the old-established factors of earnings, dividends and confidence must go into the background and be replaced by the harsh realities of a war which almost simultaneously threatens to become more widespread, and to end in early peace.

Outlook Uncertain

That this background makes predictions more than usually risky is borne out by the replies received from leaders in business and finance when The Financial Post asked their views on the outlook. Probably in no other single space can be found such a dependable résumé of the business and financial position of Canada than in the quotations published elsewhere in this issue of The Financial Post.

War Measures

For the investor in 1940, the war and its effects on the Canadian economy is going to supply most of the clues to stock market action. To mention just a few of the specific ways in which war and war measures will probably effect stock markets, the following may be typical:

(1) Extended control over business and finance by the Government.

(2) Dislocations in foreign trade.

(3) Commodity prices, both for those produced in this country and those that must be imported.

(4) Industrial costs, particularly as exemplified by wages, taxes and costs of materials.

(5) Interest rates, in which the methods and extent of financing of Canada's war requirements is paramount.

(6) Requirements in supplying the needs of Canada's armies and those of her allies, in other words—war orders.

This is not the place to discuss the probable length of the war, but, of course, it must always be recognized by investors that a peace will come some time and that its coming will bring a new period of adjustment, perhaps more painful than the one we are going through now.

Wartime Controls

In discussing the first factor mentioned above, governmental control over business and finance, it seems likely that its probable effects next year can be readily estimated from what is already in effect. We have operated for over three months under the Foreign Exchange Control Board. In that time most of the early difficulties have been ironed out. The chances of any extensive relaxation of these regulations seem remote even if peace were to come within the year, many of the restrictions on foreign exchange might remain. For all practical purposes, Canadian stock markets are likely to remain isolated from the formerly all-powerful influence, the trend of investment sentiment in the United States.

But as the year 1940 goes on, it seems reasonable to assume that more and more U. S. capital will find its way into Canadian investments. Already there are signs that the early complete cessation of this migration is relaxing. Provided only that further taxation and restrictions which are generally expected in Canada are not too drastic, Canadian bond and stock markets may again find some support from U.S. capital, although not to the extent prevailing prior to Sept. 1, 1939.

Trade Mixups

Dislocations in foreign trade are hard to estimate at present. Readers of The Financial Post have been told of efforts led by the Canadian Manufacturers' Association for a greater measure of co-operation between British exporters who are finding their ability to supply their markets hindered and Canadian manufacturers with facilities to produce in excess of immediate needs. This is both a symptom of the dislocation mentioned and a possible clue to means whereby it may be minimized.

On the whole it seems that Canada's export trade should not fare too badly. As the war goes on, some rise in prices for primary materials

(Continued on page 4, col. 3)

F.E.C.B. Rulings Limit Dividends

From Our Own Correspondent

MONTREAL. — Dividend payments declared on stocks traded on the Montreal Stock Exchange and the Montreal Curb Market in 1939 totalled $249,177,283. This contrasts with $269,994,124 in the previous year.

Eleven of the eighteen classifications recorded a decline in payments, the principal change being in the oil group which limited distribution because of foreign exchange regulations. One of the most interesting gains was that for pulp and paper companies whose distribution in 1939 was almost double that of 1938.

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Members The Toronto Stock Exchange
330 Bay Street - - - Toronto
Telephone: WA. 1701

Toronto, Montreal Raise Stock Commission Rates

Members of Canada's major stock exchanges, the Toronto, Montreal, and Montreal Curb exchanges, have agreed to adopt modifications of existing commission schedules. In certain brackets, the new rates will mean an increase while others will be unchanged.

The new schedule, to be made effective Jan. 2, 1940, leaves unchanged rates on all stocks selling between $15 and $75 a share. Only the rates on high and low brackets in the industrial shares and the higher priced mining shares will be changed.

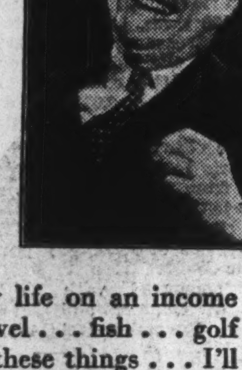
Main difference between the old and the new schedules, it is announced, is an increase in the number of price groups on which different rates of commission will apply. A complete schedule of the new rates is being prepared. As an illustration, while previously there was only one rate on stocks, other than mines, selling at $1 and under $5 a share, there will now be different rates for each $1 interval. The group of stocks selling from $50 to $125 a share has been split into three groups at $25 intervals.

As outlined in a recent report in The Financial Post, this matter of changes in commission charged by stock exchange members has been occupying the attention of brokers in both Canada and the United States recently. A proposal for applying specific charges for performing certain services is being considered in New York. The moves seem largely a product of the continued period of slow activity in stock exchanges over the past few years.

Canadian Dredge Pays $1.50 Against $1 for '38

A dividend of $1.50 a share has been declared on the common stock of Canadian Dredge & Dock Co., payable Jan. 31, 1940, to shareholders of record Jan. 17. Last year the company paid $1 a share and earned 64 cents. It is expected that 1939 profits will be higher.

"I'm Retiring on $150 a Month! Happy?... I Should Say!"



"I'm all set to really enjoy life on an income I can't lose . . . maybe I'll travel . . . fish . . . golf . . . in fact I think I'll do all these things . . . I'll be able to spend every last cent of every cheque just as I please.

"Friends wonder how I can afford to retire at 60 . . . but almost any man with a moderate salary can do it . . . and what also surprises folks is that had I not lived to enjoy it, the Canada Life would have given my wife an income for life instead."

We would be very happy to discuss the same arrangement with you.

The Canada Life
Canada's Oldest Life Assurance Company

The Canada Life Assurance Company, 330 University Ave., Toronto, Ont.
Without obligation on my part please tell me how I can get a guaranteed Canada Life Income $50 ☐ $100 ☐ $200 ☐ $300 ☐ a month at age 55 ☐ 60 ☐ 65 ☐.
Name...
Address...
Born.......................Day of.......................1..........

Bank of Toronto Reports Gain In All Items

Profits, Assets, Loans and Deposits Rise — Liquid Condition Strong

Further improvement in the position of the Bank of Toronto is shown in the 84th annual statement of the institution, covering the year ended Nov. 30, 1939. Profits, assets, loans, and deposits by the public were all higher, while the liquid position continued strong.

Profits for the year after deductions for staff pension fund, Dominion and provincial taxes and making provision for bad and doubtful debts, amounted to $1.3 millions up $160,512 or over 13% from the previous year. On a per share basis, the earnings were equal to $22.07 compared with $19.40 a year ago and $20.59 in 1929 the previous high record on the present capitalization.

Earns Double Dividend

The earnings in 1939 were more than double the 10% dividend paid on the shares. Part of the increase in profits, it is stated, is due to recoveries from debts previously written off. These recoveries were due to the improved conditions in western Canada and, it is pointed out by bank executives, cannot be expected to recur.

The staff pension fund took $150,000, the same as a year ago but Dominion and provincial taxes at $328,830 were considerably higher than the $264,711 under this heading last year. Appropriations of $200,000 and $600,000 for depreciation and dividends were the same as a year ago. Balance carried forward was $524,229 compared with $363,716 a year ago.

Profit and Loss Statement
Years Ended November 30

	1939 $	1938 $
Profits*	1,324,229	1,163,716
W/o bank premises	200,000	200,000
Dividends	600,000	600,000
Balance forward	524,229	363,716
Prev. P. & L. bal.	2,005,464	1,641,747
	2,529,694	2,005,464

*After providing for staff pension fund and Dominion and provincial taxes and bad and doubtful debts.

The rise in total assets was $20 millions and brings the total to $168.3 millions. Chief items contributing to this increase were a rise of $12.7 millions in investments and $6.3 millions in current loans and advances. The ratio of liquid assets to liabilities to the public continued strong at 72.95% compared with 73.42% a year ago.

Current Loans

The increase in current loans and discount, it is pointed out, is almost 16% in the case of the Bank of Toronto compared with an average advance of 12% in the total loans of all chartered banks.

Deposits totalled $142 millions, up $20 millions.

Of this gain, $6.9 millions was in non-interest bearing deposits, $6.5 millions in interest bearing and $7 millions in government deposits, the latter no doubt reflecting, in part at least, the bank's share of the $200 million short-term loan floated by the Dominion Government in October with the chartered banks.

At the date of the report the bank had 171 branches, unchanged from last year. All of these branches are in Canada.

	1939 $	1938 $
Assets		
Cash, cheques, etc.	30,658,447	29,832,724
Securities	77,089,849	64,092,566
Call & sh. loans	2,160,729	2,597,265
Total liq. assets	109,909,026	96,522,556
Ratio of liabs. to public	72.95%	73.42%
Loans & advances	53,291,185	46,911,821
Circulation fund	204,964	216,446
Mort. on real estate sold	26,107	28,106
Letters of credit	1,524,419	1,536,378
Bank premises	3,383,765	3,397,055
Total assets	168,339,469	148,612,365
Liabilities		
Deposits: Govt.	9,011,142	1,936,054
Non.-int. bear.	40,494,268	33,523,496
Int. bearing	92,529,563	85,942,016
Total deposits	142,034,974	121,401,567
To bk. correspond.	3,502,601	4,769,000
Note circulation	3,597,504	3,749,714
Letters of credit	1,524,419	1,536,378
Total liabs to public	150,659,499	131,456,661
Dividends unpaid	150,275	150,240
Capital	6,000,000	6,000,000
Rest	9,000,000	9,000,000
Undivided profits	2,529,694	2,005,464
Total liabs.	168,339,469	148,612,365

Royal Bank Hits Record High

(Continued from page 1)

1939, actually the bank had slightly less of its resources invested in this way than a year ago. Less than 18% of the assets were so invested at the end of last November, while on the same date last year the percentage of total assets so placed was over 18%.

Holdings of longer term (more than 2 years) Dominion and provincial securities dropped from just under 17% of all assets to about 13½% during the course of the past year.

Income and Surplus Account
Year Ended Nov. 30

	1939 $	1938 $
Profits	*3,724,842	*3,696,233
Less: Dividends	2,800,000	2,800,000
Pension Fund	300,000	300,000
Bank premises	250,000	200,000
Surplus for year	374,842	396,233
Add: Prev. surplus	2,721,410	2,325,176
Surplus forward	3,096,252	2,721,409

*After Dominion and provincial taxes and appropriations for contingency reserves.

Highlights of Balance Sheet

	1939 $	1938 $
Liabilities:		
Due Dom. Govt.	40,167,410	1,446,610
Deposits, no int.	404,373,018	356,526,650
Depos., int. bear.	428,024,304	422,500,482
Due for. banks	30,001,150	14,355,708
Assets:		
Cheques, oth. bks.	32,813,192	26,394,959
Due for. bks.	83,800,332	71,891,265
Gov. sec., sh. trm.	179,351,641	106,368,311
Other govt. sec.	136,083,788	153,333,715
Securities, misc.	39,250,803	34,019,951
Call loans, Can.	14,618,275	12,964,424
Call loans, other	10,532,872	7,651,625
Curr. loans, Can.	212,627,311	198,202,903
Curr. loans, other	89,275,904	101,629,915

Kraft Liner Demand in States Strengthens

MONTREAL.—Kraft liner board demand in the United States is at a high level, says the Paper Trade Journal, and the current price of $55 a ton has been extended into next year with the announcement of some major producers that their contract price will be $55 a ton on Jan. 1, 1940.

The Nation's Business

(Continued from page 1)

if they "refused to offer . . . co-operation to the government."

The impropriety (or worse) of this flagrant appeal to pork-barrel partyism is something of much greater importance than the Saskatoon by-election.

Does the Prime Minister intend to contest the forthcoming federal election on a similar basis: that the people vote for the government candidates . . . or else?

Is the Prime Minister's specific election pledge to be thrown overboard whenever and wherever there is a by-election or a parliamentary seat to be won?

Are businessmen and workers in other parts of Canada, as well as in Saskatoon, to regard the return of a Government candidate as the proper road to continuance and extension of war orders in their community?

Mr. King's party is not the only party that is ready and prepared to co-operate 100 per cent in Canada's war effort.

What about the unanimous pledge of co-operation given in the House of Commons last September? The other parties then took a stand for a united war effort.

• • •

The Regina Daily Star interprets the defeat of Mr. King's Saskatoon candidate as evidence of the unwillingness of the electors of that city to swallow such a shallow interpretation of Canada's war effort. It suggests that if the "appeal of the party association had been based more upon the recognition of the high and devoted purpose common to Canadians just now, it might have been more successful."

Prime Minister King should repudiate this exhibition of low partyism—an exhibition so completely at variance with the way Canadians want their war effort conducted. He should have repudiated it as soon as it appeared. The men who have carried on a campaign of this sort under the aegis of an official party association should be removed from office.

There has been too much willingness on the part of Mr. King's Government to cover up mistakes and permit men who no longer deserve public confidence to remain in office.

Saskatchewan is in Hon. James Gardiner's political parish. Both Mr. Gardiner and Mr. King owe Canadian electors a satisfactory answer to this brazen flouting at Saskatoon of Canada's wartime patronage truce.

• • •

Time Factor Vital in Training Plan

Those who have closely examined the new air training plan conclude that it is primarily Canadian and a much smaller and different programme than the one originally envisaged by the United Kingdom.

Chief merit claimed for the plan is it is more flexible than the original. Had the original Empire project been undertaken, Canada would reputedly have borne most of the cost; would probably have saddled herself with an expensive "plant" built entirely at our own expense and very difficult to liquidate in the event of a short war.

Canada is therefore credited with making a shrewd and perhaps far-sighted shift in emphasis. Just how far-sighted in terms of the probable urgency and amount of Allied air requirements remains to be seen.

• • •

Indeed there is some apprehension that the Government has given niggardly support to the Empire war effort in respect of this programme.

Canadians have a right to expect vigorous, forthright leadership in this war. Had this been forthcoming from the start, it would seem that a more embracing programme would have been achieved with much greater promptitude than has been the case.

This "time" element may, in the end, prove a factor of the very greatest importance. For one reason and another the programme in various forms has been actively discussed now for at least 20 months. Delay has in part at least been due to Prime Minister King's insistence on what the Stratford Beacon-Herald calls the "constitutional niceties." This may have stood him in good political stead in peacetime, but it is "a weakness in days of emergency like those through which the democracies are now passing."

• • •

Certainly there was considerable "pussyfooting" by the Government in respect of air training prior to the outbreak of war. To what extent subsequent delays were caused by further governmental lassitude, and to what extent they were due to commendable caution against too heavy a financial commitment, remains to be seen.

The important test of Ottawa's earnestness and enthusiasm in attacking this phase of the war effort will be the dispatch and efficiency with which the plan is put into operation. To quote again the Stratford Beacon-Herald, the plan is a "stout challenge" to the Government to see how promptly and effectively it can spring into action. In the opinion of the Ottawa Journal, the one determining factor of the value of the plan will be the "vigor and heart which the Government of Canada now puts into it."

• • •

There is something of an analogy between the present scheme and the original Ottawa trade pact of 1932. Both plans were born of considerable political travail. Both produced a formula which though differing from the one originally intended, nevertheless laid the basis for an important forward step in Empire relationships.

If Prime Minister King can inject into this programme a strong, vigorous leadership it may be that initial obstacles of a late start and a modified plan of operation can be overcome.

Certainly few things that Canada has ever attempted in her history have offered a greater challenge to our especial resources of manpower and materials than has this opportunity to give the Allies an essential continuous supply of trained air pilots. On our ability to meet this challenge promptly and completely may depend the very outcome of the war itself.

Company Reports
Canada Cement

Canada Cement Co. net earnings available for dividends during the year ended Nov. 30, 1939, at $1,475,648 represent an increase of $351,136 from the previous year. Earnings available on the preferred amounted to $7.35 a share, up from $5.60, and on the common, 28 cents a share, as against a deficit of 30 cents a share in 1938.

Operating profits last year totalled $3,921,355, as against $3,505,012 the year before. Interest charges were lower; taxes were higher; and the surplus for the year, after preference dividends, was $471,302, compared with a deficit of $181,136 in 1938.

Cut Debt $1.5 Million

The balance sheet shows a strong position. During the year all outstanding 3% short-term serial bonds due 1939 and 1940, amounting to $1.5 million were retired and the company's holdings of short-term bonds increased by $490,000, an aggregate improvement of nearly $2 millions. In addition the mortgage on the Canada Cement building was reduced by $50,000. Offsetting this was a reduction in net working capital of $450,849.

Consol. Profit and Loss Account
Years Ended Nov. 30

	1939 $	1938 $
Operating profit	3,921,355	3,505,012
Less: Exec. remun.	75,749	74,013
Directors' fees	10,880	12,140
Legal expenses	1,120	1,824
Net oper. profit	3,833,606	3,417,035
Add: Other income	56,848	46,984
Total income	3,890,454	3,464,019
Less: Depreciation	1,250,000	1,250,000
Mtge. interest	27,300	36,625
Bond int. & exchge.	592,507	616,882
Income taxes	395,000	286,000
Refunding expense	110,000	110,000
Repairs & renewals	40,000	40,000
Net profit	1,475,647	1,124,512
Less: Pref. divds.	1,004,345	1,305,648
Surplus for year	471,302	d181,136
Add: Prev. surplus	2,107,812	2,288,948
Surplus forward	2,579,114	2,107,812
Times Bond Interest Earned	4.41	3.53
Earned per Share:		
Preference	$7.35	$5.60
Paid	5.00	6.50
Common	0.28	d0.30
Paid	nil	nil

d—Deficit.

Working Capital

	1939 $	1938 $
Current assets	4,494,211	4,666,665
Current liabilities	1,078,020	799,625
Working capital	3,416,191	3,867,040

Bank Can. Nat. Assets Expand

Report Shows Small Rise In Net Profit Despite Larger Tax Provision

From Our Own Correspondent

MONTREAL.—Assets of Banque Canadienne Nationale expanded by $12 millions in the year ended Nov. 30 to the record total of $162.7 millions.

The increase in assets reflects larger deposits, the latter increasing by $12.3 millions to $144.5 millions. Interest-bearing deposits by the public amount to $106.1 millions and deposits by the public not bearing interest total $28.1 millions.

Profits for the year show a small increase amounting to $783,184 as against $780,241 in 1937-38. This is after deducting Dominion and provincial taxes which show an increase of $27,783 to $189,334. On a per share basis earnings equalled $11.17.

Current loans rose $4.3 millions to $52.8 millions while loans to provincial and municipal governments declined $4.4 millions to $10.5 millions. The reduction in the latter item is largely accounted for by a decline in loans to provincial governments from $3.4 millions to $25,879.

Investments Increase

Investments increased by $10.9 millions to $62.3 millions. Included under this heading are $16 millions of short term Dominion and provincial bonds and treasury bills; $21.4 millions of Dominion and provincial bonds maturing more than two years hence; $17.8 millions of municipal bonds; $215,231 of public securities other than Canadian; and $6.8 millions of other bonds and debentures. The increase in holdings of Dominion and provincial bonds is $8.5 millions.

Cash cheques of other banks and deposits with other banks total $23.2 millions as against $20.8 millions in the previous year.

Quickly available resources, including cash, deposits with other banks, bonds, etc., total $90.3 millions or 60.08% of liabilities to the public. Last year the ratio was 56.34%.

Profit and Loss Account
Years Ended Nov. 30

	1939 $	1938 $
Net earnings*	1,032,518	1,001,792
Less: Prov. for taxes	189,334	161,551
Pension fund	60,000	60,000
Net profit	783,184	780,241
Less appropriations:		
Dividends	560,000	560,000
Bank premises w/o	90,000	90,000
Prov. for payment†	125,000	125,000
Surplus for year	8,184	5,241
Add: Prev. surplus	240,265	235,024
Surplus forward	248,449	240,265

*After making appropriations to contingent reserve, out of which fund full provision for bad and doubtful debts has been made.

†Payable to Province of Quebec out of net profits after 10% dividend has been paid to shareholders.

Balance Sheet
As at Nov. 30

	1939 $	1938 $
Assets:		
Cash, cheques, bals.	23,285,861	20,824,463
Investments	62,399,893	51,447,274
Call loans	4,628,477	5,759,469
Current loans	52,850,221	48,568,948
Prov. & munic. loans	10,514,713	14,939,519
Non-current loans	201,393	229,362
Letters of credit	765,023	971,148
Bank premises	5,407,314	5,579,145
Real est. & mtges.	2,231,771	2,283,431
Other assets	420,173	389,868
Total	162,704,839	150,892,627
Liabilities:		
Deposits	144,591,804	132,204,198
Note circulation	4,865,789	5,223,209
Bills payable	15,157	32,387
Letters of credit	765,023	971,148
Divds. payable	144,473	144,840
Other pub. liabs.	74,184	76,580
Cap. res., surplus	12,248,449	12,240,265
Total	162,704,839	150,892,627

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Air Training Plan Limited

(Continued from page 1)

to be disappointed, this writer was assured.

Since the Prairie Provinces are practically one big flying field, it is said plans call for making full use of this natural advantage. Some observers, however, incline to the belief that to some extent at least this natural advantage may be neglected in order to "look after" the political requirements of other areas.

Different types of training require totally different types of terrain. The primary school involves no flying whatever. It will on the other hand involve accommodation for a relatively large number of young men, getting their introduction to air force life, getting weeded out for ability, aptitude and character. Elementary pilot training can be done from almost any airport, but advanced pilot training is likely to be done in the less populated parts of the country. So also will the gunner training.

Type of Aircraft

Type of aircraft which will be used is pretty well established and the well-informed claim the outlook for sales by manufacturers of other type aircraft is, for the present at least, pitch dark.

Fleets and De Havillands, both Canadian-made, will be used for elementary training. As indicated last week in The Financial Post, it is reported likely these two companies will share an order for about 800 machines, with delivery to be completed early in 1942.

The Financial Post unofficially has been given to understand that Canada bears the cost of these elementary machines. Though much has been said about Britain's contribution to the plan being in aircraft, it is pointed out that no elementary training of Empire airmen will be given in this country; that the elementary phase is purely a local enterprise.

Advanced Types

Medium type aircraft for the plan are the Harvards, some of which may be made by Noorduyn Aircraft located near Montreal. About 700 of these Harvards are likely to be ordered, 100 to be made in Canada, 600 in the parent plant in the United States.

Britain is to supply the advanced machines. Present plans call for Avro Ansons and Faireys. These are not the newest type of aircraft, but are regarded as sufficiently modern for training purposes.

To a certain extent Canadian industry may share in their supply. Britain has developed large capacity and great skill in the production of aircraft engines. Likelihood is that Britain will ship engines, fuselages and undercarriages to Canada. Canadian firms may provide the wings and tailpieces.

Some of this business, of course, is likely to go to the superior facilities of the U. S. aviation industry. But the chances seem good that Canada will get the assembly business and some of the manufacturing, chances that would, of course, be improved should the war develop into a long struggle.

Provision of and payment for these advanced machines is the price Britain pays for having a gigantic potential source of trained airmen. In Great War 1 Canadians proved the spearhead of Britain's air warfare. Aptitude of Canadian youth for air work seems now definitely established.

Goodyear Tire Declares $2.50 Extra on Common

An extra dividend of $2.50 a share has been declared on the common stock of Goodyear Tire & Rubber Co. of Canada, payable Jan. 31, 1940, to shareholders of record Dec. 30, 1939. This will bring total payments for this year on the common to $5 a share. The regular quarterly dividend of 63 cents a share will be paid on the common on Jan. 2, 1940.

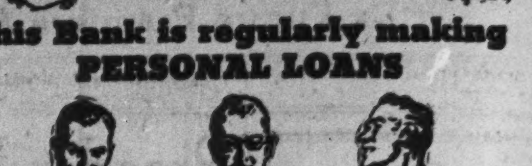
Last year, Goodyear paid an extra of $5 a share but at the same time A. G. Partridge, president warned shareholders that the company regarded 1938 earnings of $7.50 a share as exceptionally high. For the first nine months it has been stated that profits were somewhat lower although sales were up.

Foreign Exchange

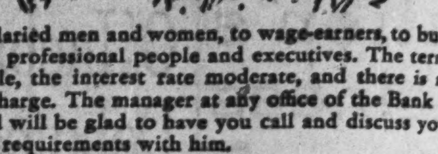
During the week Dec. 19 to Dec. 25 there was no change in the quotation of the United States dollar at Toronto and Montreal, which was $1.10 for buying and $1.11 for selling. The sterling rate likewise was unchanged at $4.43 buying and $4.47 selling. The rate is published daily by the Foreign Exchange Control Board.

Other Currencies, Dec. 25

Australia	3.58	Italy	.0560½
Belgium	.1849¾	N. Zealand	3.61
Denmark	.2143⅝	Norway	.2523
France	.0248⅝	S. Africa	4.47
Holland	.5893½	Sweden	.2645½
Hungary	.1953⅝	Hong Kong	.2725
India	.3352¼		



This Bank is regularly making PERSONAL LOANS



. . . to salaried men and women, to wage-earners, to business and professional people and executives. The terms are simple, the interest rate moderate, and there is no service charge. The manager at any office of the Bank of Montreal will be glad to have you call and discuss your financial requirements with him.

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THIRD FLOOR

BRUCK DIRECTOR

H. E. Herschorn, partner in the firm of W. deM. and H. M. Marler, notaries, Montreal, who has been elected a director of Bruck Silk Mills Ltd.

F.E.C.B. Issues Ruling On Newsprint Freight

From Our Own Correspondent

MONTREAL. — Canada's Foreign Exchange Board has issued an order prohibiting the pre-payment of freight charges on newsprint moving from Canadian mills to American points by the customers. Hitherto some customers have, under their contract, had the privilege of pre-paying the freight charge and have thus been able to obtain some monetary benefits from the favorable position of the United States dollar in relation to Canadian funds.

The Exchange Board now rules that freight charges can be prepaid only with United States funds at full face value. It will, therefore, not be necessary for the Canadian railroads to assess any surcharge. Up to date the railways have added a surcharge of 7%.

Work Out Plan to Speed European Pulp Trade

From Our Own Correspondent

MONTREAL.—American importers of Scandinavian woodpulp, the U. S. State Department and the German Government have concluded an arrangement to expedite shipment to the United States throughout the use of non-re-export affidavits, according to a statement issued by Carlton B. Overton, president of the Association of American Woodpulp Importers.

These affidavits, signed by United States consignees, will be accepted by the German Government as evidence that the pulp will be retained in the United States and not re-exported to enemies of Germany.

About 15 woodpulp boats bound for the United States are now being held for German inspection and affidavits are being gathered to cover them.

Waste Paper Products Starts at 3 Rivers

From Our Own Correspondent

MONTREAL.—Waste Paper Products Ltd. has decided to establish a plant at Three Rivers, land for the purpose being acquired from the city at a nominal cost. This company will manufacture a new and reputedly improved brand of wall board from waste paper under a process perfected by Maurice Proulx, graduate of the Three Rivers Technical School.

Bond Redemptions

Bond Issues:	Rate	Year	Due	Price
Robt. Simpson	*5%	1952	Jan. 1	105
Riordon Pulp	*6%	1942	Dec. 31	105
Eastern Car	‡6%	1952	Jan. 1	105
Preston E. Dome	6%	1943	Jan. 1	103
Can. Foundries	6%	1942	Feb. 2	110
Mississippi R. Pr.	†5%	1951	Jan. 1	105
Wpg. Elec.	*4½%	1960	Jan. 2	102½
Can. Crushed *Stone	•6½%	1944	Jan. 10	103
Bell Tele.	5%	1955	▲Mar. 1	105

Drawn by lot for sinking fund: †$151,500; ‡$35,000. *$86,300. •$18,500. ▲On and after Dec. 15, 1939, payment of principal, premium and interest to Mar. 1, 1940, will be made.
*All outstanding balance.

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London Calling *By Atticus*

Careers and Present Performance Of Ex-Future Premiers Appraised

LONDON.—I was musing on the lot of politicians one day recently when the House of Commons was alternately at its best and at its worst.

It is one of the jibes about the present Cabinet that it is full of former future Prime Ministers. Three years ago it looked like a vintage Derby with such promising two-year-olds as Oliver Stanley, W. S. Morrison, Leslie Hore-Belisha, Anthony Eden and Walter Elliot each in turn disputing favorite's place for the Prime Ministerial Stakes. Frankly the whole group of promising younger Ministers have lost ground, and the chances of any one of them eventually reaching Downing Street would be sharply discounted by the experts.

Hore-Belisha is a brilliant tactician but without a party following. The two Scots, Elliot and Morrison, are among the orphans of the agricultural storm.

Anthony Eden and Oliver Stanley have never been at the Board of Agriculture, but have not been without tribulations. The first has suffered from arriving too soon, while the second has had more than his share of political ill luck.

As it happens, Eden, Elliot and Stanley all spoke the other day, and the House gave each of them a sympathetic but appraising hearing.

* * *

Expert on Exports

In my opinion, Oliver Stanley made the best speech of his career on exports.

We sat up with a new interest. Stubbornness has always been an attribute of Mr. Stanley, but here was something far better—a confidence based on absolute faith in his knowledge of the subject. His voice was good, his mannerisms convincing, and he never had to grope for language or indulge in "ersatz" because he could not find the right word.

* * *

Eden and Elliot

Anthony Eden's hoarseness was unfortunate but, as always, he was a graceful and distinguished figure at the dispatch box. I have never seen him at a symphony concert (perhaps he has no time for such relaxation) but he could learn from the art and the artifice of music. Above all, he might note how composers seek for a musical phrase that is entirely their own and has never been used before.

Alas! I have little space for Walter Elliot, who showed that despite his unhappy experience in the bog of agriculture he still has a fine brain, great perseverance, and a perfect Niagara of language. He looks like a solid argumentative Scottish theologian and his voice is rich in racial cadence. Actually he has rather a puckish and romantic mind, full of strange humor and lit by an arabesque of odd gems of worldly knowledge.

* * *

Idle Energy

I was surprised to see that Sir John Reith landed in New York the other day—surprised because I had more or less intended to lunch with him a few days later at his house near Stoke Poges. As that prospect would hardly justify his escape to New York I hope that Sir John went to bring back his wife and children, whom he left there when war broke out.

He has not been a happy man during the last three months. As civil flying has virtually ceased, he found himself with all his restless energies unused and without any real work to do. His passion is for organization, but he tried to persuade himself that he would find ease for his mind in reading books until such time as he might be asked to do some form of national service. The call did not come. The absence of his wife and family must have meant a sense of loneliness, for he is not a man of facile friendships. I hope that this towering, able, and singularly likeable Scot will not be sent back to his books. England has need of him.

SIR J. REITH

* * *

Link With the Past

The death of Princess Louise, great-aunt of the King and fourth daughter of Queen Victoria, removes from us a personality which linked the nation with an almost legendary past. Carlyle praised her for her intelligence and appreciation of the arts. Disraeli had to advise upon the break with precedent when in 1870 she married one of Queen Victoria"s subjects, the Marquess of Lorne. As a little girl she saw the troops leave for the Crimean war. Unlike the Emperor Francis Joseph, who lived so long that he cried, "God has spared me nothing," Princess Louise, I think, would have said that God had denied her nothing—except children. She had a fine mind and a strong body, a natural cheerfulness, and a swift sympathy with normal life. Even old age was kindly with her and made a sunset for her declining years.

New Books . . . .

The Navy and the War

EVOLUTION OF SEA POWER. Edited by Charles W. Domville-Fife. Published by Rich and Cowan, Ltd., 37 Bedford Square, London W.C.1, Eng. Price 18s.

More has happened on the sea, under the sea and over the sea in this war than has yet happened on land, even with the Polish and Finnish campaigns reckoned in. Already the significance of seapower has been dramatically interpreted in the most striking items of war news that we have yet had. This has aroused a positive interest in non-technical literature on the navy, the submarine, the merchant marine and the naval air arm. "Evolution of Sea Power," edited by the editor of "The Sea Goer," himself a former naval officer active in the last war, answers a multitude of the questions that laymen are today asking themselves regarding Britain's sea power in relation to the type of war this has turned out to be.

Contributors to the volume are 15 admirals and other naval authorities, each one writing on the phase of the subject nearest to his experience and knowledge. Commander Domville-Fife, a competent writer and editor, weaves their contributions together to form a readable and informative pattern.

All of the chapters were completed, it is obvious, before the war broke out. But the book is just off the press and loses nothing by leaving the events to date of this war severely alone. In fact the prescience of the authors regarding some trends already discernible in the war will arouse additional confidence in their authority. In this connection one should refer to Vice-admiral Usborne's rather disparaging comment on the freak German pocket battleships of the "Deutschland" type. The fate of the "Graf Spee" shows that he was not wrong in assuming that it could not "meet either a battleship or a cruiser with any hope of success by reason of its thin armor and its lack of a cruiser's speed."

The layman, confused by current controversies concerning a limited number of heavy guns versus a large number of smaller guns, concerning the aircraft versus the battleship; concerning the legal as well as the practical place of mines in modern warfare will find both sides of such problems discussed by the various authors. It is obvious that even the most distinguished and experienced of naval authorities do not agree with one another as to the exact type of navy a maritime nation such as Britain requires, except that it must be a very large navy and must in its various classes of ships seek to combine to the greatest possible degree the somewhat irreconcilable factors of speed, armor, and fighting power.

There is agreement that the British Empire's security (and more particularly that of the United Kingdom) rests upon the efficiency of the navy just as the prosperity of their peoples is based upon the maintenance of trade and the provision of adequate modern vessels to carry food and supplies to the heart of the Empire and industrial products overseas.

Some rather alarming figures are cited of the dangerous decline of Britain's relative importance in shipbuilding and in cargo tonnage. Equally disturbing are some of the facts regarding the degree to which British naval power declined in the post-war years of one-sided disarmament. But it is apparent that rapid strides are being taken to overcome the latter handicap although it would seem that when this war is over Great Britain has a heavy task before it in rebuilding its merchant marine.

In a lengthy review one could quote scores of illuminating paragraphs about submarines, mine-layers, cruisers, battleships and aircraft, but there is not space here for such citations. The average puzzled student of the war news will be less puzzled if he will read the admirably informative group of chapters Commander Domville-Fife has gathered together from such an illustrious group of authorities. The volume is well illustrated with striking photographs of naval engagements and with maps and charts. "Evolution of Sea Power" may be earnestly recommended as a most timely volume.

Weather and Business

TIDES IN THE AFFAIRS OF MEN. By Edgar Lawrence Smith. Published by the Macmillan Co. of Canada, Toronto. Price $2.25.

Is there some natural cycle in the affairs of men, motivated by an unseen force in nature, that no one yet fully understands? Is business influenced more by sun spots than by politics? Does the stock market depend on the weather? Do our optimism and our pessimism appear and disappear under the impulse of some power as invisible and as mysterious as the instincts that lead pigeons home and cause salmon to follow in the briny "footsteps" of their grandparents?

Mr. Smith is convinced that there is more to cycles than meets the eye. He has set out to discover their hidden meaning. First he establishes a prima facie case for recognition of a ten-year cycle that he thinks he sees in business and the markets. Then he looks for the explanation of this decennial pattern (and for some shorter cycles which are interwoven with it) in mass psychology. He proceeds from that point to look for the explanation of why men's emotions should lead them to swing from one extreme of opinion to another. He finds a relationship between these factors and the "solar change" recorded in weather data. It was at about that point that this reviewer found himself lost.

Mr. Smith is modest enough to suggest that all he has done is to outline a project for research into certain phases of man's relation to his environment.

The Home Front

Legion in Wartime

Soldiers to be Given Training While in Active Service Force

One of the greatest assets of a nation is its manpower. In peace or war the number, character and skill of a country's people largely determines its progress and well-being. A nation is just as modern and efficient as its workers are skilled and intelligent.

One of the great problems of war is that it diverts a huge proportion of workers into the non-productive effort of bearing arms and, with the exception of the technical branches, retards normal development and training of men engaged in the war.

The effects of modern warfare on manpower became evident after the last Great War. The belligerent nations are still suffering from its effects.

Post-war Adjustment

In 1918 and 1919 thousands of Canadians of all ages were turned back into the stream of civilian life. Some resumed their normal rôle without great difficulty, particularly those with pre-war training in a profession or trade. Others found the adjustment difficult, and in some cases impossible. A large proportion of the younger men, who had gone directly into the army from school, found themselves unable to re-enter civilian life in the rôle that they might otherwise have enjoyed.

To these younger men the four years spent in the army represented the formative and educational period of their lives, in which they would normally have been outfitting themselves for their life work.

The post-war economy suffered from the inability of this country to provide the necessary training and education to rehabilitate these men.

Veterans' organizations and the Government are aware of the necessity of avoiding as much as possible recurrence of this unhappy experience, and have set up machinery for the education and training of Canadian troops.

Khaki University

The Khaki University during the last Great War provided training to a limited degree. The Government is planning to extend its educational functions considerably beyond the scope of the previous organization.

Arrangements are being worked out by the Canadian Legion War Services Inc., as an auxiliary to the Department of Defense. Plans have been formulated in conjunction with the Canadian Association for Adult Education. Educational facilities will be offered by military district committees to provide continuance of public school education and provide lectures on a variety of subjects. In addition, education of troops overseas will be undertaken. British and French authorities have assured the Canadian organization of their co-operation.

In the 11 military districts of the Dominion, committees of prominent educationists have been formed. Subjects to be taught will cover a wide field, including current events, economics, agriculture, technical subjects, skilled trades, bookkeeping, stenography and secretarial work. Conversational French and German will be taught and advanced students may obtain matriculation or B.A. degrees through certain universities.

The troops have manifested considerable interest in these courses, and some of the subjects have been included in the "parade" or compulsory class. Those in close touch with the scheme state that men in the technical branches, such as aviation, mechanical transport, etc., have shown the greatest interest in the classes.

The Canadian Legion War Services, working as an auxiliary of the Department of National Defense will supervise the plan. Lieut.-Col. R. H. Webb, former mayor of Winnipeg, is managing director of the Legion war work. Lieut.-Col Wilfred Bovey, of McGill University, is chairman of the education branch. Walter S. Wood, chairman of the War Veterans' Allowance Board, is deputy chairman and Robert England, of Winnipeg, is director of overseas education.

Furnish Entertainment

Funds for the work will be raised by the 1,800 Legion branches throughout Canada, of which there are 180,000 members. It is estimated that cost of the scheme in Canada for 1940 will be $250,000. Cost abroad has not been estimated. In peacetime the Canadian Legion has aided war veterans. Of every $1 spent for charitable purposes more than 80 cents have been spent on non-Legion members and their dependents. Canadian Red Cross is providing the Legion with $10,000 monthly for the first six months of operation of the scheme.

The Legion makes available annual financial statements to the public, and as with other organizations engaged in war work under the Department of Defense, it will be necessary to account for the disposition of all funds collected.

Many of those taking part in educational work are doing so without charge, but it will be necessary to provide travelling and out-of-pocket expenses for those participating. There are at present 12 full-time employees of Canadian Legion War Services.

The Legion will provide canteens for troops where requested. Activities in this field have been limited, with only one in operation in Ontario at the present time.

Entertainment will also be provided by the Legion. Capt. W. Allen is director of entertainment and Capt. M. W. Plunkett, supervisor of soldier concert parties.

This function is also a comparatively minor one in Canada. Concerts have been staged only with the co-operation of and through such organizations as the Citizens' Committee for Troops in Training.

Employee Joins Packers Board

George J. P. Ayers of Toronto Chosen to Be Employees' Director

George J. P. Ayers has been chosen by employees of Canada Packers Ltd. to represent them on the board of directors of the company.

J. P. AYERS

At the meeting of directors on Dec. 20, 1939, a resolution was passed increasing number of directors from 10 to 12, the two new directors to represent employees and the livestock industry. No steps have yet been taken to choose the livestock industry representative. It was hoped this appointment could be made during the Royal Winter Fair in Toronto when livestock producers gather from all parts of the Dominion. With the Fair cancelled, this opportunity did not arise.

Plant relations committees at the plants of Canada Packers Ltd. at Montreal, Hull, Peterborough, Winnipeg, Edmonton and Vancouver authorized the Toronto plant to conduct an election, because of the difficulties imposed by distance of the plants from each other.

Mr. Ayers is employed on hourly basis at the Toronto plant. He has been in the employ of the company for a number of years and was previously employed by the William Davies Co.

Enemy Agents' Cut Trade

(Continued from page 1)

ing man had turned up at the desk one day at a rush hour.

He remarked that he had just returned from Canada and had barely escaped with his shirt. All his American money had been taken from him and he had been paid only 59 cents Canadian money for his American dollars. Thereafter. the clerk had made it his business to warn people whom he knew intended to visit this country.

Lurid Tales

At other points—tourist bureaus, filling stations, anywhere that likely visitors might be expected to congregate—highly excited persons had turned up and dramatically told of how this or the other thing had been done to them in Canada. One chap had escaped with his car, but scores of cars had been commandeered. He had seen outraged American tourists arguing with the police.

Another narrator declared that he had got across the boundary but that his friends and goodness knows how many others had been detained and had been examined by the police. They had been suspected of being alien enemies.

Ottawa is doing its utmost to counteract these stories. The chief if not the only explanation of the swiftness and success of this campaign against Canada seems to be that it has been the work of German agents, operating all over the United States. Added to this, of course, has been the general confusion and spread of misconceptions about conditions in countries at war.

The Transport Department has issued a statement. Ministers will announce over the radio that there has been no change whatever in tourist regulations; that Americans are even more welcome to visit Canada now than in peacetime. It is not impossible, if the tourist figures do not recover, that an advertising campaign in the United States will be undertaken.

It appears, however, that it is no easy task to catch up with these lies and to convince the American people that no action of any kind has been taken to discourage tourists. Not only is their money not taken from them. It is worth more today than before the war. They get the full benefit of the exchange premium—ten cents on every dollar.

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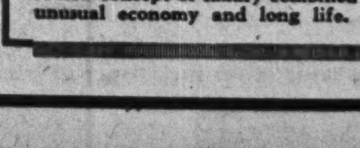

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P-42

Investment Trends

War Tempers Tone of Market Optimism

Threat of War in 1939 Gives Way to Conflict in 1940 But Canadian Economic Picture Remains Strong

A year ago all predictions about the course of stocks in 1939 had to be hedged with provisos about European politics not coming to a head in crisis or war.

Now it is hard to see where Europe can give us further shocks that will be as disturbing as the continued "war of nerves" which culminated in actual conflict last September. In a sense, the early coming of peace might bring with it considerable disturbance but it would bring relief as well, from the burdens and risks of a war.

Reference to the forecasts of industrial leaders, found elsewhere in the Financial Post, shows that industry enters 1940 with universal expectations of a continued high rate of activity.

Of prime importance in discussing the results of war on the stock markets must be its influence on investor psychology. Caution will likely be the watchword even more so than it has been the case in recent years. There are the double uncertainties of tax effects and impact of war on business of individual companies to consider. Then there is a necessity of discounting the possible effects of peace.

All this means that investors are not going to capitalize earnings, even rapidly expanding earnings, on as optimistic a basis as would be the case in times of peace. If a company earns $1 a share on its stock and its outlook was good in times of peace, the shares might sell for $15 or more a share. In war time this might be cut down to $8 or even less.

* * *

Stress Quality

We would counsel investors to continue to watch for good calibre in their investments. A good record of earnings and financial strength should be a hint that a certain company can weather the period of peacetime adjustment as well as come through the war. If its product is essential to both peace and war, then so much the better. If it can readily adjust its selling prices to meet rising costs without threatening its sales volume, then it is even more desirable.

Such investments may not appeal to the speculator so much as to the more conservative investor. The chances for capital appreciation may not be as striking, but the chances of serious losses are less. It can be accepted that government orders will aid many lines of industry in maintaining a high rate of capacity but, unless this war takes a sudden turn away from the direction in which it has gone so far, the destruction of materials may not keep pace with the rate of manufacture and storing.

* * *

War Confounds

This war has perplexed most of the so-called experts for much of the time to date. It confounded many in bringing an immediate upswing in stock prices to levels that have not been exceeded since. It may also confound the experts by keeping down the range of movement to smaller than expected proportions throughout the coming year.

We are working under a system of controls such as was never reached from 1914 to 1918. Even if not entirely successful in eliminating inflationary aspects of war they are going to cushion the changes in prices of goods and money. Stock markets may well reach end of 1940 not very far either way from the levels at which they end 1939.

This does not mean there will be no fluctuations in the meantime with chances for capital gains. This can be counted on; but investors may have to be pretty nimble in seizing their opportunities. Stock markets may move in sudden swoops to be followed by discouraging periods of stagnation.

* * *

Management Vital

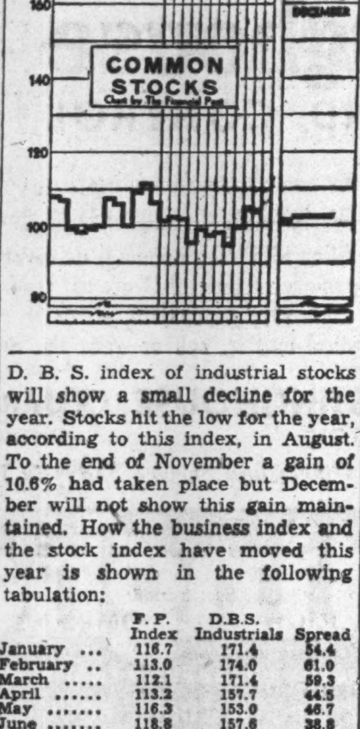
All this points to necessity of careful, shrewd, and at the same time daring, management in industrial concerns. Even more than in normal times must the executives be able to sense trends and be wary of unwarranted expansions. One thing that the judges in The Financial Post's recent contest on "Investing in War Time" criticized in all entries was the lack of specific consideration for this all-important factor of management. It is not enough to say that, because a company has got along all right for a number of years, it will continue to do so. Past records are valuable but not sufficient.

* * *

Stocks and Business

Through 1939 the continuation of the lag of stock prices behind apparent business activity was the occasion of comment. The Financial Post index of business activity hit its low for 1939 in March at 112.1. Each month following has seen this index move up until November preliminary figures reached 129.5, a gain of 15.5% from the year's low.

Stock prices did not move in the same way. Although the business index ends the year well above the levels at which it started 1939, the



D. B. S. index of industrial stocks will show a small decline for the year. Stocks hit the low for the year, according to this index, in August. To the end of November a gain of 10.6% had taken place but December will not show this gain maintained. How the business index and the stock index have moved this year is shown in the following tabulation:

	F. P. Index	D.B.S. Industrials	Spread
January	116.7	171.4	54.4
February	113.0	174.0	61.0
March	112.1	171.4	59.3
April	113.2	157.7	44.5
May	116.3	153.0	46.7
June	118.8	157.6	38.8
July	119.4	159.2	39.4
August	121.0	154.2	33.2
September	122.6	168.2	35.6
October	127.2	177.0	49.8
November	129.5	170.6	41.1

These figures show business activity ending the year on the peak of a sustained nine-month rise. What December figures will reveal is hard to forecast but some slowing up of the rate of gain may be seen. On the other hand stocks have made little or no progress. Either stocks were ahead of business last spring or they are far behind now. The probability seems to favor the latter.

Investment Notes

Chemical Research—Litigation between the company and numerous oil companies ended recently when the settlement agreement was signed. This leaves Gyro Process Co., subsidiary of Chemical Research, free to sell its gasoline refining process.

* * *

Ford of Canada—R. M. Sale, sales manager, announces that sales in the prairies in November and December and requisitions for January and February are 103% above the same period a year ago. Improvement is also indicated in eastern Canada.

Bruck Silk Mills Reports Higher Sales

From Our Own Correspondent

MONTREAL. — Sales of Bruck Silk Mills during November, the first month of the current fiscal year, were double those of the same month a year ago, according to a statement made by Isaac Bruck, president, at the shareholders annual meeting. Mr. Bruck revealed that December sales record to date also showed increase and that the favorable earning trend was being maintained.

H. E. Herschorn, Montreal, was elected to the board of directors to fill the vacancy created by the recent resignation of Hartland Molson.

Con. Div. Securities Reports on Equities

From Our Own Correspondent

MONTREAL. — Consolidated Diversified Standard Securities report that on Nov. 30, 1939, net asset value of the company's preferred stock amounted to $22.60 a share, as against $23.88 on October 31, 1939.

Market Opinions

Lack of any important change in prices over the past week has left commentators looking at background factors, which seem generally favorable.

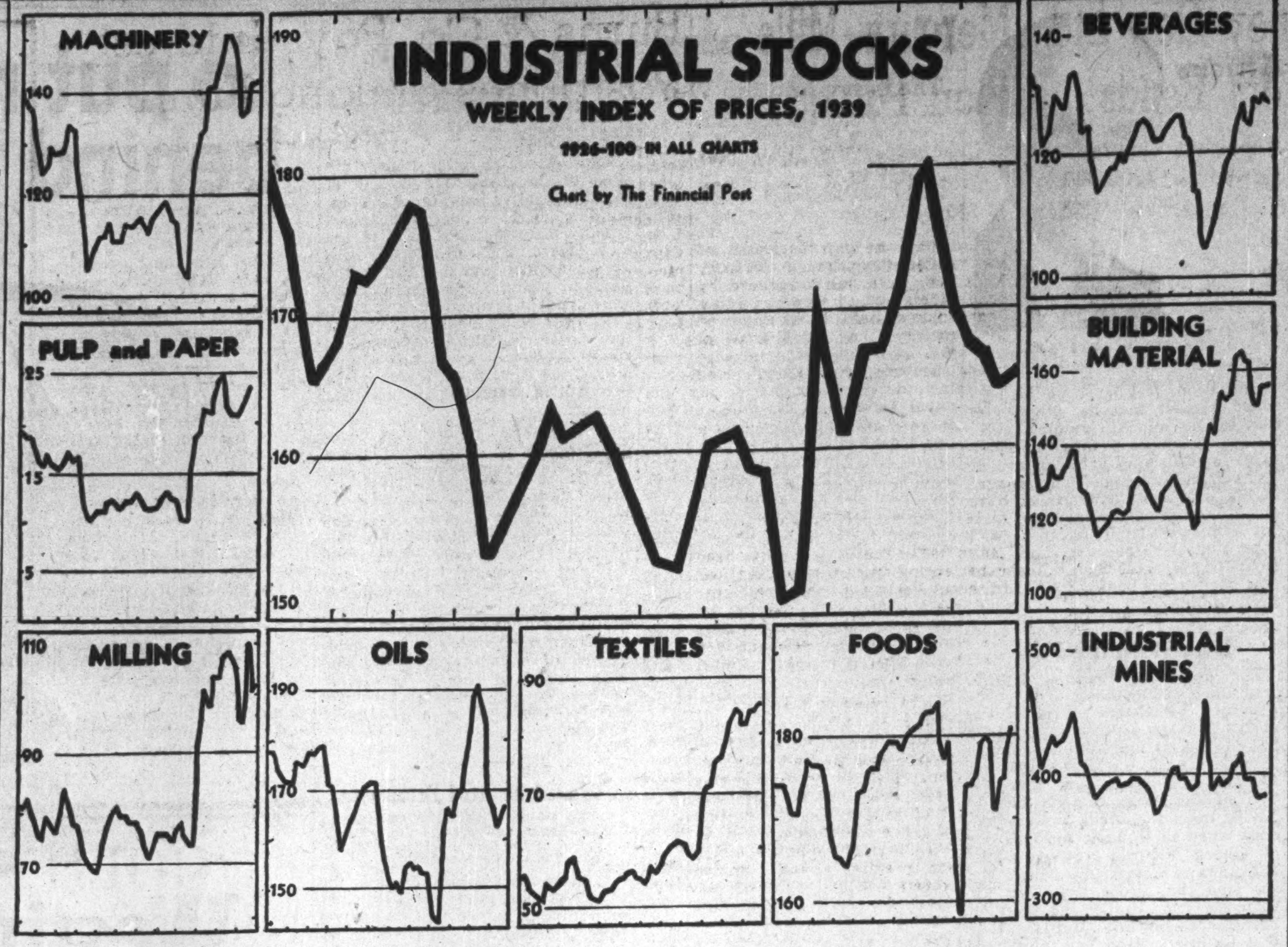
The Annalist, New York—"Up to date the high level of general business activity has not been translated into a corresponding improvement in stock prices, but when the additional evidence of actual earnings appears, it may well produce an effect." (Possible business recession, election year uncertainties, labor difficulties and the war are cited as less favorable factors.) "In view of the unusual character of the present war there is even more reason than a quarter of a century ago for extreme caution in discounting earnings based upon war orders or a temporary condition created by their expectation."

* * *

Brookmire Counselor, New York—"With the passing of the period of year-end adjustments, the stock market will soon have an opportunity to see what it can do with a New Year. War developments and domestic political influences will continue to be complicating factors, of course; but the basic economic recovery should assert its activating force in the long run, and the current liberal dividend disbursements which reflect rising earnings should impart a stimulus to the stock market. Clients should put available cash to work and keep stock portfolios fully invested."

* * *

Business Week, New York—"This strange and unpredictable stock market has been creeping upward for about two weeks now. . . . Another fact, which probably is of some importance, is that stocks have pretty much ignored the trend of commodity markets."



WHAT 1939 DID TO STOCKS

The large chart above shows movements by weeks of the combined price index for 68 Canadian industrial stocks as prepared by the Dominion Bureau of Statistics. Grouped around this main chart are smaller charts of the various industrial groupings that are combined to make up the main index. Although the main index ends 1939 at 166.4 against 179.3 on a corresponding date in 1938, six out of the nine groups were able to better their position during the past year. Only oils, beverages and industrial mines failed to make progress during the year.

Influences on Stocks Seen Varied

(Continued from page 1)

is likely. This will benefit such countries as Argentina, Brazil, Mexico and others which are important importers of manufactured goods and exporters of raw materials. Canada will be able to get a share of increased prosperity likely to be seen in such countries. This may offset much of the restrictions placed on imports by many of our former best customers, particularly other parts of the Empire. Then we will still have access to the United States and it is expected that Great Britain and France will still need large quantities of the goods on which Canada specializes.

Commodity Prices

Trend of commodity prices for the extent of the war is likely to be upward. It is true that controls are in effect and so far price rises have been moderate. But ability indefinitely to keep all major commodities under control may be questioned. These efforts were made easier at the beginning by the ample supplies of such commodities as wheat, rubber, metals and others that were actually in stock or could be produced in short order. So far the destructive results of the war have been less than anticipated but it would be too much to count on this continuing throughout the entire war.

Starting from unusually low levels, most prices have gone up to a certain extent. Prices for grain and metals are of particular interest to Canada and contribute greatly to the prosperity of the country. In so far as the trend of commodity prices is a factor, it should be generally favorable to the support of stock prices in the coming year. Many have drawn attention to the apparent lag between stock prices and commodity prices, a relationship that has always forecast a closing of the gap in the past.

Costs May Rise

Industrial costs influence profit margins and, if allowed to get out of control, may restrict sales volume through necessity of raising prices faster than general purchasing power. Labor costs are unlikely to become any less. There may be some decline in efficiency of labor if full capacity operations become the rule. As an increasing proportion of manpower is taken by the army, the remainder may not quite reach former standards in efficiency with consequent harm to output and costs. Wages have already shown signs of rising.

Next year the first of Canada's wartime taxes go into full effect. Thus, accurate measures of their effect is not yet possible. Unfortunately, it is also quite possible that additional taxation will be necessary to finance war efforts. There is practically no chance that taxation will not become an increasingly heavy burden and cut further into industrial profits and private purchasing power.

On the question of interest rates, accepted opinion seems to be that demands for war financing will force rates somewhat higher. In this case some capital may turn from bonds to stocks but the appeal for subscriptions to war loans may counteract much of this. Investors are likely to demand a better return on their stocks during wartime and show a reluctance to discount earnings on as optimistic a basis as might be done in peacetime.

War Orders

The most important war inspired influence on Canadian investments will likely be the impetus given to industry. War orders are coming in greater volume now. With the definite inauguration of the ambitious air training scheme, more contracts are expected. Word received from industrial leaders so far stresses the extent to which the rise in business is due to peacetime demand and the small part that war orders have played. This ratio may change, particularly if the character of the war changes.

Departing from influences that bear on all investments to those that apply to a few specific industries, we find that outlook for different industries varies widely.

Mixed Performances

Illustrated by chart accompanying this article is the story of the stock movements of 1939 as told by indexes prepared by the Dominion Bureau of Statistics. Although industrial stocks as a whole are below the levels of a year ago, this is due to unsatisfactory performance of three groups. Textiles and clothing, beverages and industrial mines are selling at levels below those of Dec., 1938. The others are all higher.

The beverage industry, a polite name for liquors, has already given notice of being hit by higher taxes in Canada through reduced sales volume. Some benefit may be felt by recent reductions in selling prices but the outlook for the industry as a whole hardly compares with that for most others.

Textiles and clothing companies belong to another group that has not fared well in 1939. Recently reports indicate accelerated operations and most companies should enter 1940 under relatively favorable conditions. Their chief trouble may be a dropping profit margin as costs of materials, mostly imported, go up and difficulty is experienced in adjusting selling prices. War orders may mean increased business for some units but others, such as the carpet and silk producers, hardly see the outlook in the same light.

Finally the industrial mines group which actually means Consolidated Mining & Smelting Co. and International Nickel Co. appear the victims of price control even in times of assured good volume of production and sales. Their position is analyzed in greater detail elsewhere in The Financial Post.

Machinery And Equipment

Turning to other industries which start 1940 in better repute with investors, it is noted that machinery and equipment stocks have given a good account of themselves. This group includes companies interested in aircraft manufacture, production of munitions, automobiles, rail equipment and machinery of other kinds. Canada's increasing industrial output should continue to find ample expression in the operation of these companies. On the other hand, this group might be worst hit in the event of a sudden peace.

Pulp and paper, Canada's major exporting industry, has a number of factors in its favor that was not the case a year ago. Mention might be made of the premium on U. S. exchange, higher demand from customers and lessened competition from Europe. So long as these factors continue, and there seems no reason to doubt that they will last at least for the duration of the war, this industry should give a good account of itself. Its outlook is more completely studied in another feature story. It might be mentioned, however, that continuation of the rate of gain of the past four months seems rather unlikely.

Millers Optimistic

Canadian milling companies are now beginning to feel the benefit of higher import demand from Britain and better sales volume in domestic markets. They have an abundant supply of high-grade wheat available. So long as prices remain competitive, and there is evidence that this will continue, Canada's milling industry should experience a prosperity during wartime that it could not hope to find in recent years. Reference to statements from prominent executives in the industry found elsewhere bear out this optimistic forecast for next year.

The business of the oil refiners and distributors is rather hard to estimate with any degree of certainty. In so far as they have an interest in the supply of crude oil, they should be aided by a tendency toward firmer prices. In the domestic market, increased general activity may mean greater gasoline and oil sales but threat of higher prices from taxes, exchange and higher crude prices, could possibly limit ordinary consumption of gasoline. The air training scheme opens a greatly enlarged market for high test, premium-priced gasoline and oils on which profit margins should be more satisfactory. Oil companies are usually regarded as being favorably placed during period of war and possible inflation.

Food Outlook

Certain food companies, notably the meat and vegetable packing concerns, should not have much to worry about for the duration of the war. Britain has just arranged a huge bacon purchase from Canada. Exports of canned vegetables have risen rapidly in recent months. For these companies the outlook seems rosy. For dairy companies, bakeries and retail food stores, things are not quite as clear cut. As purchasing power grows with more nearly full employment, their market will increase. But we have the word of leading executives in the chain store business that the outlook is more uncertain than at any previous time.

In the classification of building materials, the D. B. S. includes a range of concerns such as Steel of Canada, Dosco, Building Products, Gypsum and Canada Cement. Obviously this large group is not going to act uniformly. For the steel companies, war demands and increased domestic needs probably mean a good rate of operations in spite of forecasts of some slowing up at the first of the year. Those companies more directly dependent on building and engineering construction face a more doubtful outlook. This section of the industry is analyzed at greater length in another story in The Post.

The utility industry is one that is able to report average stock price levels slightly above those prevailing a year ago. But this does not mean that the next year is going to be clear sailing. Companies operating under fixed selling prices, but with costs that are not fixed, may easily be squeezed in wartime.

As reference has been made in this study and in the charts that accompany it to the D. B. S. divisions of Canadian stocks, the following list of stocks included in these indexes will make these comments more valuable.

Machinery and equipment — Canadian Car & Foundry; Cockshutt Plow; Ford A; General Steel Wares; Kelvinator; Massey-Harris; National Steel Car; Page-Hersey.

Pulp and paper — Abitibi; Bathurst Power & Paper A; Dryden Paper; Hinde & Dauch; Howard Smith; Price Bros.; St. Lawrence Corp.

Milling — Maple Leaf; Ogilvie; Western Canada Flour.

Oils—British American Oil; Imperial; International Petroleum; McColl-Frontenac.

Textiles and clothing—Bruck Silk; Canadian Celanese; Cosmos Imperial; Dominion Textile; Harding Carpets; Penmans; Regent Knitting; Tip Top Tailors; Wabasso Cotton; York Knitting.

Food and allied products—Canada Bread; Canadian Canners; Canada Packers; Consolidated Bakeries; Dominion Stores; Eastern Dairies; Imperial Tobacco; Loblaw; National Grocers; Weston; Laura Secord.

Beverages—Associated Breweries; Canadian Industrial Alcohol; Canadian Wineries; Distillers Corp.-Seagrams; National Breweries; Walkers-G. & W.

Building materials— Building Products; Canadian Bronze; Canada Cement; Canadian Dredge & Dock; Canada Wire & Cable; Dominion Bridge; Dominion Glass; Dominion Steel & Coal; Foundation Co.; Gypsum, Lime & Alabastine; Hamilton Bridge; Sherwin-Williams; Steel of Canada; United Steel.

Industrial mines—Consolidated Mining & Smelting; International Nickel.

Transportation — Canada Steamship Lines; Canadian Pacific.

Telephone and telegraph — Bell Telephone; Montreal Telegraph.

Power and traction — Brazilian; Beauharnois; B. C. Power; Canada Northern Power; Consumers' Gas; Montreal L. H. & P.; Montreal Tramways; Power Corp.; Quebec Power; Shawinigan; Southern Canada Power; Union Gas; Winnipeg Electric.

Banks — Canadienne Nationale; Commerce; Imperial; Montreal; Nova Scotia; Royal; Toronto; Dominion.

Significant Investors' Index Numbers

1926 = 100

No. of Securities	Mach. and equip. 8	Pulp and paper 7	Milling 3	Oils 4	Textiles and clothing 10	Food and allied prod. 12	Beverages 7	Bldg. mater. 15	Power and traction 15	Banks 8	Total utilities 19	Total co's. 95
1929-38:*												
High	432.5	113.4	273.4	423.5	113.5	197.8	204.6	281.1	197.6	131.7	166.0	189.3
Low	39.2	3.0	37.7	87.7	30.8	78.8	33.8	44.3	47.1	63.1	36.9	43.3
1939:												
Jan.	129.4	16.9	79.1	173.5	52.9	172.9	126.9	133.3	57.5	85.2	42.7	102.9
Feb.	129.4	16.4	77.6	175.9	54.3	175.3	130.4	133.6	58.2	85.3	42.9	104.1
Mar.	126.6	15.1	79.8	173.9	57.2	172.5	127.6	132.9	62.0	85.1	44.4	103.7
Apr.	111.1	11.5	71.4	162.9	35.1	169.2	116.9	119.3	58.9	83.7	41.9	96.2
May	112.5	12.0	78.9	170.2	55.0	176.3	120.4	124.6	60.8	84.7	43.2	99.2
June	114.2	12.4	77.4	153.2	56.2	179.2	124.7	128.8	60.8	85.0	43.7	97.0
July	118.0	12.7	75.0	154.0	59.8	182.1	124.8	129.5	59.2	85.0	42.7	97.3
Aug.	108.6	11.1	76.0	147.9	60.1	180.5	117.7	121.6	56.8	84.3	40.9	94.2
Sept.	132.8	19.1	99.8	164.6	71.9	170.8	108.5	145.3	53.8	78.4	42.2	100.1
Oct.	149.1	23.4	106.3	185.9	81.4	178.8	121.4	160.9	59.5	81.0	45.7	106.0
Nov.	141.1	22.7	100.9	173.9	82.9	174.3	127.5	156.5	59.6	84.2	44.7	103.6
Weekly Figures:												
Dec. 7	142.6	22.9	101.4	163.6	84.4	178.4	129.5	155.0	61.0	84.8	45.8	101.3
Dec. 14	143.5	23.5	102.5	166.4	84.8	180.2	128.1	155.3	61.4	84.4	45.9	101.8
Dec. 21	140.9	24.3	102.4	163.5	84.1	180.7	130.1	154.8	61.6	84.6	45.7	101.0

*High and low for year from 1929 to 1938 inclusive are based on weekly figures compiled from figures issued by Dominion Bureau of Statistics.

Toronto Stock Exchange Index

	20 Indus.	20 Golds	10 B.M.	15 W.O.
Dec. 26	126.14	120.04	87.61	31.33
Dec. 25	Holiday			
Dec. 23	126.45	119.36	86.75	31.09
Dec. 22	126.22	118.45	86.63	31.24
Dec. 21	126.47	118.60	86.80	30.73
Dec. 20	125.77	117.83	86.68	30.70
Month ago	123.19	117.07	86.95	29.73
Year ago	123.18	122.97	89.54	38.02
High, 1939	129.85	128.95	104.12	45.00
Low, 1939	97.75	100.35	70.59	21.07

Montreal Stock Exchange Averages

	10 Util.	20 Ind.	30 Cbd.	10 Pprs.	15 Golds
Dec. 26	Holiday				
Dec. 25	Holiday				
Dec. 23	68.0	91.3	83.5	146.96	94.88
Dec. 22	68.2	91.2	83.5	146.44	95.40
Dec. 21	67.8	91.2	83.4	146.49	94.40
Dec. 20	68.0	90.8	83.2	147.32	95.23
Month ago	66.0	86.9	79.9	127.33	96.30
Year ago	63.6	84.4	77.5	115.64	121.80
High, 1939	70.1	93.8	84.9	155.52	126.48
Low, 1939	55.9	63.2	62.7	50.78	86.66

Notice to Holders of Debentures of the Township of York

The Plan for the Adjustment and Reorganization of Certain Debenture Indebtedness of the Township of York, dated December 1st, 1939, was ratified by the Ontario Municipal Board on December 21st, 1939. Pursuant thereto notice of the following arrangements is hereby given.

1. The principal amount of those debentures of the Township that matured in 1933, 1934 and in 1935 prior to July 1st, will be payable in full in cash on the 28th day of December, 1939, together with such interest as is set out in the said Plan. Holders of debentures of the above maturities will receive such payment upon presenting their debentures together with all unpaid coupons, if any, thereto belonging, to the Market Branch, 144 King Street East, Toronto, of the Canadian Bank of Commerce. Debentures of these maturities will cease to bear interest from and after the date of presentation or January 9th, 1940, whichever is the earlier date.

2. A notice will appear in this publication at a later date advising of the arrangements for the exchange of new debentures for those debentures that matured or mature on or after July 1st, 1935. It is expected that such exchange will take place on or about March 20th, 1940.

Dated at Toronto this 22nd day of December, 1939.

THE CORPORATION OF THE TOWNSHIP OF YORK

By John Harvey, Township Clerk.

Dominion of Canada Bonds

Protection of principal and interest can best be achieved through investment in Dominion of Canada Bonds.

Bond offerings furnished promptly upon request.

36 King St. West Toronto Telephone EL. 4321

Wood, Gundy & Company Limited

Holding Joins Board General Steel Wares

MONTREAL. — W. F. Holding, comptroller and treasurer of General Steel Wares, has been elected a director and vice-president of the company.

Johns-Manville Co. To Raise Wages

From Our Own Correspondent

MONTREAL.—Under a new collective agreement entered into with the National Catholic Syndicate by the Canadian Johns-Manville Co. about 800 employees at the company's mine and plant at Asbestos, Que., will receive pay increases of two and three cents an hour, effective Jan. 1.

A clause in the agreement calls for readjustment of the wage scale if the cost of living rises by more than 5%.

NOTICE TO HOLDERS OF DEBENTURES OF THE TOWNSHIP OF SCARBOROUGH

The Plan for the Adjustment and Reorganization of Certain Debenture Indebtedness of the Township of Scarborough, dated December 1st, 1939, was ratified by the Ontario Municipal Board on December 22nd, 1939. Pursuant thereto notice of the following arrangements is hereby given.

1. The principal amount of those debentures of the Township that matured in 1932, 1933, 1934 and in 1935, prior to December 15th, 1935, and those maturing on December 15th, 1935 (except those issued under By-laws numbered 1651 to 1782 inclusive), will be payable in full in cash on the 28th day of December, 1939, together with such interest as is set out in the said Plan. Holders of debentures of the above maturities will receive such payment upon presenting their debentures together with all unpaid coupons, if any, thereto belonging, to the principal office, Toronto, Ont., of the Canadian Bank of Commerce. Debentures of these maturities will cease to bear interest from and after the date of presentation or January 9, 1940, whichever is the earlier date.

2. A notice will appear in this publication at a later date advising of the arrangements for the exchange of new debentures for those debentures that matured or mature on or after December 15th, 1935. It is expected that such exchange will take place on or about March 20th, 1940.

THE CORPORATION OF THE TOWNSHIP OF SCARBOROUGH,

(Seal) By JAMES KESSACK, Treasurer.

Start the Year Right

THE FINANCIAL POST CORPORATION SERVICE

places at your finger tips the essential investment facts you must have in deciding on a wartime portfolio. The information is complete, accurate and dependable and a daily news service keeps you right up-to-date on current operations and changing conditions affecting any company.

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THE FINANCIAL POST CORPORATION SERVICE

481 UNIVERSITY AVENUE . . TORONTO

Bond Markets

War Developments To Influence Prices

Government's "Pay-as-you-go" Policy in Financing Canada's Effort to Check Unrestricted Borrowing and Support Markets in 1940

The course of the bond market in 1940 hinges directly on what the war and wartime economy will bring forth—whether the conflict will broaden beyond its present scope; the extent of expenditures on war efforts; how they will be financed; and other indeterminable factors.

The world is just beginning to get a glimpse of what this conflict may bring. Russia has irrevocably committed herself to a policy of opportunism, while western Europe is involved in a life-and-death struggle. Conflict might break out on a number of fronts.

Canada has thrown in her lot with the Empire and now faces the prospect of financing war obligations of considerable magnitude,

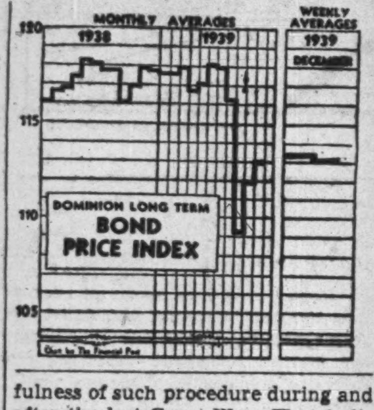
How will the war be financed? This question means much to the fate of all classes of bonds and debentures. Will it be by taxation, by borrowing, by inflation, or by methods akin to confiscation?

* * *

"Pay-as-you-go"

The Government has set forth with definiteness its views on financing the war and the course which it will take. In the budget address on Sept. 12 to the House of Commons, it was stated by Hon. J. L. Ilsley, then Acting Finance Minister:

"Because we believe it is the part of wisdom, we shall follow as far as may be practicable a pay-as-you-go policy. In imposing the new tax burdens which this policy will require we shall be guided by the belief that all our citizens will be ready to bear some share of the cost of the war, but we shall insist on the principle of equality of sacrifice on the basis of ability to pay. We shall not, of course, be able to meet all costs by taxation, because, as already indicated, there is a limit to the taxes that can be imposed without producing inefficiency, a lack of enterprise and serious discontent."



* * *

Inflation Ruled Out

He ruled out the prospect that Canada will resort to outright inflationary measures, citing the harmfulness of such procedure during and after the last Great War. That judicious credit expansion will be utilized was suggested, as distinct from inflation.

It is hard to imagine that in fighting for democracy any government would throw it overboard, even temporarily, to use the most undemocratic weapon of government confiscation of capital or property. There remain but two alternatives to Canada, borrowing and taxation.

Mr. Ilsley's budget address leaves no doubt as to the Government's appraisal of the merits of these two methods. Amplifying these views he states:

"It is important to emphasize that...the real costs of any war must come out of current production, out of the goods and services produced during the war...In terms of loss to the nation of this production, a war is paid for substantially during its duration. Obviously this simple fact has very important implication for any programme of war finance.

"There may be some who feel that borrowing at home may enable us to shift part of the burden to the next generation. Ill-considered and excessive domestic borrowing, of course, may add unnecessarily to the burdens of certain members of the present and post-war generations who find it necessary to pay interest to those of their fellows who may be bondholders.

"Borrowing at home is merely one means of diverting our production at the time but which ultimately requires a somewhat greater resort to taxation."

* * *

Warfare Expensive

This modern war might be a protracted one. It is certain to be expensive, and it is being bitterly waged on the economic front by the Mother Country.

Canada's mistakes of the last war are not likely to be repeated.

Like most of the other belligerents in the Great War, Canada met the major part of her war financing out of borrowing and credit expansion. The nation had no previous experience of financing a major war and increasing the tax base to take care of tremendously increased expenditures would have been too revolutionary a step to take.

Canada is entering the present conflict, girded for a long war. The machinery exists for boosting tax demands to meet the new condition and the taxpayer will make sacrifices for succeeding generations.

* * *

No Sweeping Changes

The bond investor may therefore look for no sweeping change in the status of the high-grade bond under present conditions. As the past few government loans have shown, particularly the recent Ontario issue, cheap money has not evaporated with the first heat of war. Nor is it likely that interest rates will bound up to the levels of the Victory Loans.

Canada's first public war loan will make its appearance early in the New Year. A campaign will be conducted much along the lines of the old Great War loan activities to put the loan "over the top," under the guidance of the National War Loan Committee. No decision has been reached as to the exact date of offering, terms and conditions of the loan.

* * *

More Favorable Rates

The rates will in all probability be more favorable to the investor than loans issued in recent years, but will not approach the Great War level.

Reaction of bond markets in the present conflict in comparison with that of the opening weeks of the 1914-18 conflict is revealing. The expected decline came in prices as war appeared inevitable, but the drop was not hysterical, nor was there any liquidate-at-any-price movement. The drop was orderly and to date more than 50% of the decline has been recovered, testifying to the strong position of the market. The Bank of Canada aided in "cushioning" the fall, and it is impossible to say to what extent the decline would have gone had it not been for the Bank's action. Nevertheless, the high-grade market turned in a surprising performance, and the moderately satisfactory performance since has indicated the belief of investors that portfolios of high-grade bonds will not suffer any great injury in the present war.

* * *

Patriotic Appeal

Before the Great War the small investor was largely unacquainted with the government bond as a medium of investment. He was educated to this popular medium by the war campaign and as the present war progresses will be urged to display his patriotic zeal by buying the senior Government's obligations. There is no doubt that the Government will be able to obtain funds by this method that it would not be able to get in peacetime on ordinary investment considerations.

In addition to bank deposits being at an all-time high, there still exists a large surplus of institutional funds seeking an outlet. Dealers' inventories are practically nil. Under these conditions it seems highly improbable that the high-grade market will undergo much change with the war proceeding at its present pace.

Perhaps, two or three years hence, conditions will have undergone such a change that interest rates will have to be modified considerably to meet the circumstances. But that will not be in 1940.

* * *

Provinces' Part

Provinces playing their part in the co-ordinated effort of the Dominion will have to give precedence to the Dominion Government's requirements. Public opinion would not permit any other course. Provincial offerings are likely to be cut to the minimum and influenced directly by the senior authority's policies.

Highest grade municipal debentures have shown remarkable strength since the outbreak of war and in the best cases are shaded only by Ontario obligations. One may reasonably expect a continuance of the financial improvement that these municipalities have been showing in recent years. As creatures of the provinces, demands for new money will be restricted to conform with the senior authorities' plans and yields may be expected to vary in line with the highest grade bonds.

* * *

Speculative Possibilities

As to highest grade industrial and utility liens, it may reasonably be expected that their activities will parallel that of Dominion issues.

The more speculative group, as always, fluctuates in sympathy with the stock market. Excess profits tax will temper any great appreciation of this class, along with the unpopularity of fixed term securities at the present time.

* * *

Repatriation Effects

All these conclusions are predicated on the expected developments of war and Canadian industry. Among other factors, there is the possible effect that large-scale repatriation of Canadian securities from abroad would have. Great Britain's cautious liquidation of these securities would seem to preclude any injury to the Canadian bond market.

There is also the influence of foreign markets, in the U. S. and Great Britain. The strength of the former and the unexpected rally that British gilt-edged have made lend credence to the belief that no major decline in prices may be expected in the near future. It must be remembered that either of these markets do not wield the influence they once did because of the barrier erected by Canadian currency control.

Bond Index

DOMINION OF CANADA
Long-term Bond Index

	Latest week Dec. 15-21	Preceding week Dec. 8-14	Weekly average year ago
Price	113.1	113.2	117.5
Yield	3.39	3.38	3.23

Honey Dew Ltd. Offers Bonds

Shareholders Invited to Subscribe to $200,000 of 6% Convertible Debentures

Shareholders of Honey Dew Ltd. are being offered the new $200,000 issue of 6% convertible debentures of the company at par.

The debentures are being issued to finance a programme of shop modernization and strengthen working capital.

Applications will be received to Jan. 15. Payment may be made in full or on the basis of 20% with the application, and the balance in two equal installments on Feb. 15 and March 15, 1940, with interest at 6% annually from Jan. 15 on each installment.

The company has made arrangements to sell on a firm basis any debentures not allotted to shareholders at par and accrued interest.

The debentures will be dated Jan. 15, 1940, and mature Jan. 15, 1947. Interest and principal will be payable in Canadian funds. The issue will be convertible at any time up to three days prior to Jan. 15, 1947, or if called for redemption, three days prior to date of redemption on the basis of five shares for each $100 principal amount of debentures.

The company can redeem the debentures in whole or part at a premium of 5% to Jan. 15, 1942; 4% to Jan. 15, 1943; 3% to Jan. 15, 1944, and 2% thereafter to maturity.

While the debentures do not carry any mortgage or charge, the company cannot issue or create any bonds or other debt secured by mortgage or lien except purchase money mortgages and liens to secure bank loans or other loans. The company will also secure the debenture by first floating charge on the payment of the balance owing on the purchase of United States rights, which now total $112,000.

Mercury Mills Plan Passed

Company Will Show Net Profit For First Time Since 1929

Plans for the rearrangement of the capital structure of Mercury Mills Ltd. have been approved by bondholders and shareholders. Shareholders unanimously approved the reorganization and $795,000 of the 5½% series A first mortgage bonds approved, while $15,500 voted against.

It is believed that new certificates will be available for exchange in five or six weeks.

The company is expected to show a net profit of approximately $75,000 after bond interest and depreciation in 1939, compared with a net loss of $25,594 in 1938, and a net loss of $37,148 in 1937. The company has been experiencing much better operations in recent weeks and the current year will see the first net profit of the company since 1929. The company has more business on its books than for several years and 1940 promises to be a good year.

Provisions of Plan

According to provisions of the plan, present bondholders will receive $600 in new 20-year 5% bonds and 30 shares of new no par common stock for every $1,000 principal amount of existing bonds. Present 6% preference shareholders will receive 3½ shares of the new common for each preference and common shareholders will get one new common share for each one existing share held.

Application will be made to the Toronto Stock Exchange for listing the 80,000 new common shares when distribution is complete.

Burns & Co. Pays Interest Postpones Sinking Fund

Earnings of Burns & Co. for 1939 will permit payment of semi-annual interest on the company's bonds when due on Jan. 1, 1940. Directors of the company, at a meeting on Dec. 19, decided, however, that payment to the sinking fund due at the same time should not now be made. Commencing Jan. 1, 1940, annual sinking fund payments are due, equivalent to 3.2745% of bonds outstanding. Prior to Jan. 1, 1940, sinking fund payments are determined by the directors.

During the first eight months of 1939, earnings of Burns & Co. were below corresponding months of 1938, "due almost entirely to a further reduction in the hog run in western Canada," states John Burns, president. The months of September, October, November and December saw hog marketings greatly augmented "which has enabled the company, through improved earnings during that period to pay its bond interest." A recent story in The Financial Post mentioned these improved earnings and hinted at the likelihood of bond interest being paid.

Interest on half of the Burns & Co. bonds was non-cumulative from Jan. 1, 1934, to Dec. 31, 1938, and payable annually only if certain conditions were met. After Dec. 31, 1938, this interest became cumulative and payable at 5%, January and July 1, commencing with July 1, 1939. Annual non-cumulative 5% interest was paid on the income bonds for 1935, 1936 and 1937 but not for 1938. First obligatory payment was made July 1, 1939. Interest on the other half of the bonds is also payable at 5%, and has been paid as required.

Bond Sales

Belleville, Ont.

Belleville, Ont. has sold two debenture issues to J. L. Graham & Co. The first was for $20,000 of 3½% 10-year serial debentures for hospital purposes and $6,000 of 3½% 20-installment debentures for local improvements. Price for both issues was 100.57 and cost to the city was 3.39%. Bids for the issue were made on both issues and separate issues of the $6,000 and $20,000. Bids on the $6,000 issue are shown first, where there are two bids in the following list:

J. L. Graham & Co.	100.57
Burns Bros. & Denton	100.03
Wood, Gundy & Co.	99.76
R. A. Daly & Co.	99.27
Cochran, Murray & Co.	99.00
Harrison & Co.	98.02
W. C. Pitfield & Co.	98.76
	100.29
Dyment, Anderson & Co.	96.75
	99.74
Royal Securities Corp. ($20,000 only).	100.58

Bond Tenders

12 noon, Dec. 28, Canada Treasury Bills—$25,000,000, dated Dec. 29, 1939, due Apr. 1, 1940.

Your Investments

Three-cent stamp and address label from subscriber's copy of The Financial Post must be enclosed. Address letters to The Financial Post, 481 University Ave., Toronto 2.

Standard Reliance

Would you kindly advise me if the common shares of Standard Reliance Assets Ltd. have any value?

The common shares of Standard Reliance Assets Ltd. have no value and there is no prospect of them ever having any.

Highland Distilleries

Could you give me any information as to the value of Highland Scotch Distillers Ltd. common shares.

Shares of Highland Scotch Distillers, Ltd., were exchanged for shares of James A. Forrest & Co., Distillers, Ltd., on a share-for-share basis in 1935. The Highland Scotch Distillers was wound up and surrendered its charter early in 1936. Early in 1939, James A. Forrest & Co. Distillers Ltd. was wound up by G. T. Clarkson, liquidator. All the assets have been sold and all trade creditors paid in full. After this there was a small balance available to pay as a dividend to holders of the first preferred stock, but there was nothing available for common shareholders.

Robert Gair

What have earnings of Robert Gair Co. been in recent months?

Robert Gair Co. reported a net loss of $279,388 in the nine months ended Sept. 30, 1939. This is after allowing for interest on income notes and special losses on assets and inventories. No interest payment was made on these 6% income notes from 1938 operations and on the basis of 1939 results to date it is doubtful if any payment will be forthcoming again. The interest is not accumulative but full payment was made for 1937. We understand that operations in the paper box business both in Canada and the United States have shown remarkable improvement in recent months and the last quarter of the year may easily result in a net profit for the three month period.

Sawyer-Massey

Would you kindly comment on the common stock of Sawyer-Massey Ltd.?

There is no current market for the shares of Sawyer-Massey, Ltd. This stock has never been actively traded and is not listed on any stock exchange. The company has not been able to cover bond interest and depreciation from earnings for a number of years. Its financial position as at Sept. 30, 1938, the latest available balance sheet, showed current liabilities $380,819 in excess of current assets.

The company has two main lines of activity, the manufacture of threshing machines, and contractors' and road machinery. In the year ended Sept. 30, 1938, there were no thresher sales, and sales of other machinery also declined. Information regarding the year just closed is not available, but it is possible that it may have shown some improvement.

White Aircraft

What is the present market price for shares of White Aircraft Co.? Is the company in production yet?

Current market for the shares of White Aircraft ranges from $1.40 bid to $1.70 a share offered. The stock is not listed but we are told by C. L. Murray, managing director, that transactions are taking place at around the level quoted. This company is endeavoring to raise capital to start production. Stock is being offered in Toronto and Montreal by some of the smaller investment houses. On Nov. 21, 1939, an agreement to purchase 50,000 shares at 50 cents a share, payable $10,000 at once and $15,000 within 60 days was executed. A further option on another 200,000 shares, 100,000 shares at 50 cents a share, 50,000 shares at 75 cents and 50,000 at $1 was included. The option was payable at $10,000 within 90 days, $20,000 a month for the next six months and the balance of $7,500 within one month later. Authorized capital is 500,000 shares of which 205,213 were outstanding at that date.

This company is not yet in production although we are told that operations may start early in 1940, presumably dependent on the success in raising necessary capital. The company plans to concentrate on the "Verville" training ships. This is a primary military training ship which, we are told, is being developed in the United States. White Aircraft had some difficulty with the town of Gravenhurst, where its plant is located, over taxes, but expects this suit to be settled early next year. As this company is engaging in a rather hazardous business and has not yet established itself, its shares must be regarded as speculative. Experience appears to have shown that successful operation in the business of manufacturing aircraft requires substantial capital and final success of this concern will probably depend on its ability to get the funds required.

Abitibi

What are the prospects for the preferred shares of Abitibi?

The 6% preferred shares of Abitibi Power & Paper Co. have long been popular among speculators. Actually, the outlook for these shares depends almost entirely on what treatment they get in the eventual reorganization of this company. It is not possible to forecast at present what will happen, as there seems no immediate likelihood of agreement on a plan among interested parties. So far in 1939, this stock has ranged from a low of $3.50 a share to a high of $21.50 and is currently selling around $14 to $15 a share. The monthly earnings reports published by the receiver indicate that operations of Abitibi are steadily becoming more profitable as scale of output increases. Although coming months may not see the rate of gain maintained at the pace of the past three or four months, indications still point to a good level of operations.

Canada Dairies

Will you favor us with a brief report on Canada Dairies Ltd.? Will the common shareholders realize anything?

The common shares of Canada Dairies Ltd., have no value. Dairy Corp. of Canada sold this organization to J. B. Robinson, who represented the bank, for $12,400 plus a $5,000 return of deposit to a former option holder and assumption of the obligations of the company. This was part of the reorganization plan of Dairy Corp., approved in September of this year. There were only a few shareholders in Canada Dairies apart from Dairy Corp. They were shareholders in the old company, and the shares were not represented by any equity. There is now no prospect of the stock having any value.

Canada and Dominion

Any current information you can give me on Canada and Dominion Sugar Co. will be appreciated.

Since the outbreak of war plants of Canada and Dominion Sugar Companies have been working at high levels. Price of sugar has risen and it would appear that results for the year will be quite satisfactory to the company. The company has paid an extra dividend of 25 cents a share, along with the regular quarterly dividend of 37½ cents a share, on Dec. 1. This extra is believed to reflect better price situation in the sugar industry and the accelerated demand brought about by war. This will bring payments for the year to $1.75 a share.

Cub Aircraft Capital Increase Approved

Shareholders of Cub Aircraft Corp., Hamilton, at a special meeting on Dec. 15, approved an increase in authorized capital from 80,000 common shares to 500,000 shares.

It was stated at the meeting that sales increased more than 20% during the past year, part of which was attributed to increased sales of parts for operation and maintenance of aircraft. Sales of aircraft were not as large as expected because of unsettled conditions.

Weekly Record of Financing in Canada

SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS

Municipality—	Date Issued	Sold to	Rate	Due	Amount	Price	Yield
Belleville Ont.	Dec.	J. L. Graham & Co.	3½%	1941-50 / 1940-59	$20,000 / 6,000	100.57	3.39%
Fredericton, N.B.	Dec.	Eastern Securities	4%	1945-69	40,000	101.06	....

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The money saved in one year by using "GOLD STAR" Gasoline instead of gasolines costing considerably more is equivalent to a saving that will provide you with gasoline for ten weeks. Think of it. Ten weeks extra driving!
Get a tankful of "GOLD STAR". You will be enthusiastic—not only about its quality, but about the saving.
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Next Year . . .
STEP UP PRODUCTION
INCREASE PROFITS
Foul, impure air . . . . dust . . . . fumes . . . . poor ventilation . . . . impair your own health and the working efficiency of your employees.
None of us of course would deliberately drink impure air, but how many of us indifferently breathe impure air . . . . inhale dust and fumes all day long?
Take out Health Insurance the Sturtevant way and step up production in 1940.
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TORONTO, DECEMBER 30, 1939

The Financial Post Editorial Platform for Canada

Winning the war has become the focal point for national and personal effort in Canada. This requires full mobilization of the nation's material and spiritual resources. To the fullest degree this should be obtained by individual effort, freely made. Strong national leadership will inspire service and sacrifice that will reduce the need for regimentation and compulsion.

The Financial Post believes such objectives require:

1. *Strengthening cabinet leadership by drawing upon Canada's best executive brainpower irrespective of political considerations.*
2. *Elimination of public and private waste.*
3. *Pay-as-we-go financial policy.*
4. *Planning the war effort with the post-war as well as the emergency needs in mind.*

In achieving these objectives the spirit of sacrifice and unity in Canada can be used in finding sound, long-term solutions to problems left unsolved in the idle days of peace.

Four Millions a Day

Canada has no greater problem for 1940 than the financing of her war and peacetime budgets.

In the depression-racked '30's, this country got the habit of letting governments spend as much as 30 cents of every dollar of income. Because only a part of that money was raised by taxation, public indebtedness rose by the astounding sum of three and one half billion dollars.

Total direct public debt, plus the contingent liabilities of federal and provincial governments, reached during 1939 the all-time high mark of $8 billion. This was an increase of more than 50% over the corresponding figure at the end of the '20's.

We enter the war-clouded '40's with public spending of all branches of government, federal, provincial, municipal at or near $4 millions a day. This is twice as much as the major branch of government (federal) was spending even at the topmost peak of the great war effort of 1914-18. It is one third larger than anything ever experienced in Canadian history.

Just what this increase in taxation and government expenditure means to one particular business is shown in the comment made this week to The Post by a leading Canadian industrialist. He points out that in this one industry—the rubber industry—the tax burden in 1920 amounted to $546,124. In 1938 this had grown to $4,049,671—an increase of 616%. That the increase will be upward of 1,000% by 1940 there is little doubt.

Eagerness to prosecute the war effort efficiently and economically has not as yet extended to peacetime activities of government. The peacetime budgets of the '30's—swollen by such items as unnecessary railway deficits and extravagant relief expenditure—continue largely unchecked except for a growing number of local and municipal authorities where economy measures are at last bearing fruit.

If Canada, in 1940, is to make provision for the financial sinews of war, if we are to avoid a post-war breakdown in our financial mechanism, it is essential that the equality of sacrifice required to win the war be applied toward steady and immediate reduction in the peacetime spending programme of all public bodies.

Goosey, Goosey Gander!

That august body, the Government of the Dominion of Canada, favors us with a two page mimeographed article on "Poultry in Literature and Daily Life." We never before realized —nor cared a rap—how big a rôle hens and roosters have played in religion and literature. There was the hen who gathered her chickens under her wing in Matthew XXIII, 37, and the cock that crew in the stark drama of Matthew XXVI, 74 and 75.

Then we have such phrases as birds of a feather, showing the white feather, feathering the nest, fine feathers that make fine birds, getting a feather in your cap, chicken-hearted, counting your chickens before they're hatched, holding a hen party, killing the goose that lays the golden eggs and so on almost endlessly. We could not have believed there were so many literary allusions in the chicken and egg industry if the Government had not taken the trouble, through the Publicity and Extension Division of the Department of Agriculture, to inform us.

We would not have known that the rooster was a revered bird in ancient times, and that the chant of the rooster is a divine melody to the Moslems. No one ever took the trouble before to tell us that Pythagoras warned against sacrificing a white rooster and that the rooster was the war emblem of the Goths (or medieval Nazis).

But an ever-vigilant government, mothering its brood of tax-paying citizens, takes time off from the war effort to tell us these things. Hence the two pages of mimeographed information.

It is hard to know whether to classify this government document under the heading of a Mother Goose yarn or a cock and bull story. "Every cocke is proud on his owne dunghill," says the ancient proverb and the Publicity and Extension Division of the Department of Agriculture no doubt thinks it has discovered a story worth crowing about.

Nevertheless, we cannot help thinking of the amount of taxpayers' money that went to pay for the paper, the ink, the carrying charges and the literary content of this document. And that, in turn, leads us to think of another branch of the governmental service that is as busy as a hen with her chickens at this time: the Department of National Defense.

There are militia units in Canada, devoting themselves to the essential effort of building up reserves to stand behind the troops who will first be dispatched overseas and that have no paper and no ink to devote to odes to hens and chickens. Their officers are digging into their own pockets to buy stationery and stamps to address regimental orders to the men under their command.

There are active service units, required to keep vital records and meagrely supplied with the typewriters and stationery needed for the purpose. No doubt the typewriters and stationery will be supplied in due course. But, in the meantime, could not the press and Publicity Division of the Department of Agriculture be a good egg and lend some of its surplus stock to the Department of National Defense; in brief, to help feather a nest where one is needed? That would be something to crow about.

An Impressive Story

Unquestionably one of the most forceful educational campaigns ever carried on by any corporation has been the persistent advertising effort of International Nickel Company since 1932. The company has reproduced in a bound volume all the advertisements in this remarkable series. They tell in most impressive fashion the history of the company, its contribution to Canadian prosperity and its successful effort to promote the world-wide use, in thousands of products, of this great Canadian metal.

Originally International Nickel Company launched its advertising campaign because of misconceptions regarding the Canadian nickel industry. People thought nickel was a "war metal." So it was in 1902 when International Nickel Company was formed. But today 90% of all nickel is used for industrial needs, allied with the peaceful activities of mankind. Although International Nickel Company has published scores of its large-scale advertisements, each dealing with some industrial or domestic use of nickel, it has not yet covered all the ground it wants to cover.

The directors of the company, under Chairman and President R. C. Stanley, have been as stubborn in keeping up their advertising as they were farsighted in planning it. Not the least impressive feature has been excellent illustrations comprising in themselves an art gallery of industrial and mineral subjects.

Exit Loan Sharks

The Dominion Small Loans Act, 1939, which becomes operative on Monday next, is a creditable solution to a discreditable condition.

The measure, passed last April by the Dominion Parliament, after four years of investigation, places definite restrictions upon the small loan business and removes the old evil of usury. Exorbitant interest rates become an impossibility. It is hard to see how the "loan shark" can any longer flourish.

Inconsistencies and difficulties of the old regulations permitted interest rates of unsupervised lenders up to 20% monthly. The new law is easy of interpretation and simple in application. By setting the charge for all purposes at a maximum of 2% monthly of the outstanding loan, it places the small loan business on a basis more nearly satisfactory to lender and borrower alike.

The business is placed under the jurisdiction of the Superintendent of Insurance and severe penalties are provided for infraction of regulations. To implement the Act, it has been placed in the Criminal Code and violation can result in criminal proceedings.

The Act will also be to the advantage of the reputable companies operating in the Dominion. They will be protected from the stigma that arises from the rapacity of "loan sharks." The borrower will have knowledge of what the loan will cost him before he enters into a contract. If it exceeds the amount stipulated under the Act, he will have recourse to law. Borrowers formerly subject to a multitude of charges, many of which were unwarranted, now pay the flat rate with a 2% maximum on the outstanding loan.

Tetanus and T.B.

Writing in the Winnipeg Free Press, Grant Dexter estimates that it has cost Canada between $120 and $150 millions to care for Great War soldiers and pensioners who were victims of tuberculosis. He estimates that if the present war runs the course of the 1914-18 conflict, Canada stands to save something like $100 millions by reason of the very wise decision to examine every soldier in the C.A.S.F. by X-ray. The cost of the X-ray will be close to $100,000 but since we will still be paying pensions on this war in the year 2,000 A.D., the return on this initial investment will be very great indeed.

One has only to read the incredible story of medical services of the Canadian army to see the tragic consequences of inadequate medical inspection in the last war. Out of 80,000 pensioners on the public payroll in March, 1937, considerably more than half were drawing pensions not because of wounds but because of disease. As Mr. Dexter points out, "the record indicates strongly that a substantial part of the pension bill for disease would have been saved if the medical inspection in the early years of the last war had been efficient."

In addition to testing soldiers for t.b., Canada is now planning to follow the practice of French, British and U.S. services and immunize all soldiers against another dread disease—tetanus. Post-war medical science has provided the knowledge and means whereby tetanus can become as rare as typhoid and smallpox. The army is to be commended for utilizing this new knowledge in the same way that it has taken advantage of the obvious benefits of X-ray examination.

Buying Canadian Goods

A life insurance company sends out a little pamphlet with the slogan, "Buy Canadian Goods." It adds this advice: "Every little bit helps; there's a war to win."

Buying "Made in Canada" is good advice. But even in offering and practising the advice one must remember that in the last fiscal year Canada had to sell $970 millions of its own products abroad. Foreign trade represents a large proportion of our total commercial activity. Even this life insurance company that adjures Canadians to buy at home is exporting life insurance to three other countries.

The fourth exporting country in the world cannot be too exclusive nor aim at too large a degree of self-sufficiency without paying a very heavy price.

It would be unfortunate if Canadians got the impression that it is unpatriotic to buy from other countries that take our wheat, copper, nickel, bacon, automobiles and other exported products.

The counsel of Rt. Hon. R. B. Bennett to a large Toronto audience last week as to the importance of maintaining our purchases from Britain as part of Canada's war effort was timely and pertinent.

The Canadian Editorial of the Week

Canada's Part in Air Training

Stratford Beacon-Herald

At long last the Canadian people have been given a general definition of "the British Commonwealth Air Training Plan" by Prime Minister Mackenzie King. It is a tremendous undertaking, even though not as completely an "Empire" project as at first mooted. It will be several months before there are any considerable tangible results achieved, and more precious months before the flow of fully-trained airmen from Canada will be sufficient to turn the tide numerically in the Allies' favor.

It is this time element which has worried the Canadian people—and is still going to bear down heavily on their nerves as well as their confidence. Mr. King may have meant well—we think he did mean well within the limits of his passion for being too literally "constitutional"—when he declined, many months ago, to open the door to the Motherland for an air training programme which, in its objectives, was not a whit different from the programme now agreed upon.

Mr. King's worship of constitutional niceties and hoary precedents has stood him in good stead politically in peacetime—but it is a weakness in days of emergency like those through which the democracies are now passing. It still seems to us that Mr. King misjudged the feelings of most Canadians in his pre-war attitude toward immediate, wholehearted partnership with Britain. If there is today any lack of confidence in the Federal Government's conduct of Canada's war efforts, it can be traced back to that failure to give leadership before the storm was upon us.

However, the air training plan now before the Dominion for execution is a stout challenge to government and people alike. It must not be allowed to languish, for the war is developing a tempo which may bring decisive fighting sooner than seemed likely a while back. The great air training enterprise upon which Canada is only now entering will not be a practical factor for another year at least. Will this aid to the Allies be in time? Many Canadians seem to be wondering.

Editorials in Brief

A Happy New Year!

* * *

1940 is off to a good start with the holiday falling on Monday where all statutory holidays should be in order to provide the most enjoyment and the least unsettlement for everybody.

* * *

Broadening the base of the income tax as urged recently by Huntly R. Drummond, president of the Bank of Montreal, has received the approval of newspaper editors in many parts of Canada. The Post has long urged the need for making Canadians more tax-conscious by levying a direct income tax on some at least of the million and a half wage-earners now exempt from this impost.

Says the Windsor Star:

"It is not suggested that those in the lower income brackets, at present untaxed, should be forced to yield a substantial amount of their earnings. Even a very small rate would produce a great deal of revenue for the federal exchequer and at the same time give all the payees a chance to share in the national effort in a way they are not now doing.

"The whole principle of the income tax is that everyone should pay in proportion to his means. This being accepted, is there any good reason why thousands of employed persons, in the lower wage categories, should not contribute their share?"

* * *

What do we get out of our universities? A University of Toronto undergraduate feels he knows a good many of the answers, enough, at any rate, to put into print in a bright, shrewdly written brochure entitled, "Between Lectures." He seeks to throw light and point the way, not only for would-be students, undergraduates and professors, but for parents, businessmen and the general public. His observations cover a wide range, from how to keep down college expenses and augment income, to the means for students, prospective employers and others to get the most out of university training.

Author of the booklet is 21-year-old Paul C. McGillicuddy of Toronto, first vice-president (senior undergraduate member) of the U. of T. Students' Administrative Council. He took a leading part in preparation and presentation of the Canadian Student Assembly brief to the Royal Commission on Dominion-Provincial Relations, which led to a national scholarship plan being added to the Dominion youth training scheme.

Sayings of the Week . .

"We shall all have an opportunity to play some part in this struggle before the last battle is won."—*Hon. Norman McL. Rogers.*

* * *

"My own small income involves the payment of 73 to 75 cents (in U. K. taxes) out of every dollar."—*Rt. Hon. R. B. Bennett.*

—Cartoon by Grassick.

NO WONDER HE'S SCARED—

Post-Scripts . . . . .

Air Vice-Marshal

Air Vice-marshal George Mitchell Croil is only vice-marshal because so far Canada is not handing out higher military titles, probably with an eye to the salary savings thereby effected.

Karsh Studios.

VICE-MARSHAL CROIL

Also if they made the new chief of staff and top dog of Canada's dashing young air force an air marshal, they'd have to promote the head of the militia above his present rank of major general, and the head of the navy above his rank of rear admiral. The air marshal title for famed W. A. Bishop is just honorary.

Polite conversation, it seems, requires that the full, triple-barrelled title be used. Around the very unglamorous offices of Canada's glamorous fighters they can say it very fast.

* * *

Dark, handsome and youthfully 46 years old, Air Vice-marshal Croil has spent 29 years in military life. He started the last war as a Gordon Highlander and won a commission. In the summer of 1916 he joined the air force and has quietly moved up through most of the ranks to his present eminence.

Anything but a "gladhander," he is the object of that rare and very valuable affection mankind spares for those whose abilities of heart and character it holds in deepest respect. For this reason, then, this somewhat aloof, austere figure is the most popular man in the force.

Almost inhuman in his devotion to his work, he is, in reality, an extremely human person. His face was beaming like a youngster's one day recently at an airfield when he sat at the controls of one of the new big machines of the R.C.A.F.

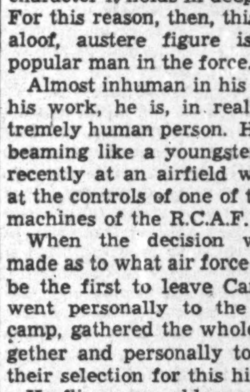
When the decision was finally made as to what air force unit would be the first to leave Canada, Croil went personally to the Rockcliffe camp, gathered the whole school together and personally told them of their selection for this high duty.

He flies very seldom now, mainly because he's too busy. Air Force and the five Croil children are about all he has time for.

* * *

McGill's New Professor

University of McGill has appointed Gilbert E. Jackson as acting head of its School of Commerce. Starting with the New Year, he will take over the job begun by Prof. F. Cyril James in adapting McGill's Commerce studies to business and economic conditions as they prevail today in Canada. Prof. James has become the new Principal of McGill.



Freeland photo.

PROF. G. E. JACKSON

When The Financial Post was looking for an independent judge for its recent contest on "Investing in Wartime," the choice fell on Gilbert Jackson. He has a background of experience in this country and in Great Britain which seemed to fit him exceptionally well for the job. Working with him on this exacting job proved later that the choice had been wise.

* * *

Gilbert Jackson left Canada in 1935 to accept a position on the economics staff of the Bank of England, where he was one of a group of authorities whose duty it was to advise the governor of the bank on conditions in various area they knew intimately. At the bank he enjoyed the services of a private messenger in a coral-pink uniform. He had an office that looked out over the historic "City" area. He once told us that he could not "afford" to get to his office earlier than 10.30 in the morning. Apparently only those in inferior positions at the bank arrive at 10 or earlier.

During his tenure of office he visited Australia and New Zealand to contact at first hand the banking and financial leaders of these Empire countries.

Since returning to Canada just about a year ago he has been active as a consulting economist with Canadian business and has had charge of substantial amounts of British and foreign capital that he was partly instrumental in bringing to Canada. He has a wide experience in both the theoretical aspects of economics and the practical side of business and investment.

* * *

Born in England 49 years ago, Prof. Jackson was educated there, graduating with first class honors from Cambridge. He came to the University of Toronto in 1911 as a lecturer in economics. By 1927 he had won the position of professor of economics and supervisor of studies in commerce and finance. Until leaving to join the Bank of England in 1935 he held these joint positions at the University and in addition acted as economist to the Bank of Nova Scotia.

One of Prof. Jackson's biggest contributions to the University of Toronto was the organization of the first real effort made by Toronto to aid its graduates in finding work. His interest in employment extended outside the University to service as secretary of the Ontario commission on Unemployed in 1915, and as chairman of the Ontario Employment Service Council from 1922-37.

For the present, Prof. Jackson will continue to reside in Toronto. He will "commute" to Montreal each week.

* * *

Quebec's Lieutenant-Governor

On Monday next, Major-General Sir Marie Joseph Eugene Fiset, member of parliament for Rimouski, and former Deputy Minister of National Defense, succeeds the Hon. E. L. Patenaude as Lieutenant-Governor of Quebec. If we were to print all the titles and honors which British and foreign governments have bestowed on Sir Eugene in his 63 years of varied achievement, it would be an impressive and considerable compilation.

Sir Eugene, son of the late Senator J. B. R. Fiset, of Rimouski, started out to be a doctor. He studied at Laval University, St. Anthony Hospital, Paris and the London Nose and Throat Hospital. But the Boer War intervened and the young man who had joined the volunteer militia in 1890 as a lieutenant, went to South Africa with the first Canadian contingent in 1899 and served through the Paardeberg and other important campaigns as a Lt.-Col in the Army Medical Corps. For these services he received the D.S.O. and was made a full colonel.

* * *

In 1906, Col. Fiset entered the Defense Department at Ottawa—first as assistant deputy and later as deputy minister. He served this department until 1923 when he retired from the civil service to enter the House of Commons as Liberal representative for Rimouski.

Early in the Great War he was made a Commander of the Order of St. Michael and St. George and appointed surgeon-general. In June, 1917, he was elevated to knighthood in the Order of St. Michael and St. George, and in the same year was made Commander of the Legion of Honor of France, also Commander of the Crown of Belgium.

He was granted the Order of Officer (first class) of Saint Sava, Serbia, and the Military Service Medal of Czecho-Slovakia.

Were Sir Eugene to write his autobiography he would no doubt reveal that the most exciting and exacting responsibility of his life was what the Montreal Gazette describes as "steering the course of a very wayward minister"—Sir Sam Hughes, during the latter's tenure of office as Minister of National Defense in the last Great War. It is a story we would like to hear Sir Eugene write or tell.

* * *

Museum Benefactor

A personal interest in collecting which has turned parts of his attractive home in Toronto into a museum of no mean character probably influenced Captain James W. Flanagan to make it possible for the Royal Ontario Museum to carry on a valuable part of its work.

CAPT. J. W. FLANAGAN

Recently Ontario found it necessary, in the interests of wartime economy, to cut its grants to the Royal Ontario Museum. One of the features of the work done by the Museum has been to bring schoolchildren from many parts of Ontario to visit the Museum. This was one of the jobs which the Museum was going to be forced to stop.

At a private dinner party in Toronto, Hon. G. Howard Ferguson mentioned this and lamented the necessity of stopping this work through which children outside of Toronto had obtained information and ideas which Mr. Ferguson felt should inspire them to produce and appreciate artistic things.

Unless private subscriptions could be secured, however, this work would have to stop.

Capt. Flanagan was present at this dinner. He enquired how much money would be necessary to carry on for the coming year and expressed his sympathy with the work of the Museum officials. Told that $2,500 would see them through, the next day his cheque was received and the work goes on.

* * *

Capt. Flanagan is the man who was instrumental in building the pipe line through 335 miles of Colombian jungles by which International Petroleum Co. ships the production of its huge oil fields in the South American republic. Born in Texas in 1872, he had already gained wide experience in railroad work and mining in Cuba, Mexico and the U.S. prior to becoming associated with Sir Herbert Holt in 1913. Also aided by Sir Herbert, he organized Andian National Corp. in 1919, obtained a concession from the Colombian Government and built the pipe line. Since 1925 he has been president of his company which is controlled by International Petroleum Co. Now he divides his residence between Cartagena, Colombia, and Toronto.

In Cuba's war for independence, Capt. Flanagan served as Lieutenant-Colonel in the Cuban army and later joined the staff of Brig.-Gen. W. W. Gordon, U.S.A., and was awarded the medal of Military Merit. Pope Pius XI commissioned him a Commander, Order of St. Gregory, in 1926. He has been decorated by the Republic of Colombia and made an honorary citizen of the city of Cartagena.

Canadians Hoodwinked . . .

The Canadian Statesman

We were amazed in looking over some recent editions of the American and Canadian editions of "Liberty." Never have we seen such insufferable hyprocisy openly displayed.

"Liberty" also sells some advertising in its Canadian edition to Canadian firms. We doubt if any of these firms would support such a publication if they appreciated how their dollars are being used to undermine British prestige in the United States; to misrepresent the Allied case; to create suspicion and distrust about Britain's motives.

We actually saw a Canadian Government advertisement in one issue of "Liberty." Thus even the taxpayers' money is used to subsidize a most insidious anti-British campaign in the United States. Rather tough on Canadian taxpayers!

Is is not about time we woke up to the fact that the minds of young Canadians are being poisoned by anti-British propaganda pouring in by the ton from the United States while our own mass of periodical literature is able to survive only because of the stubborn public spirit of a handful of Canadian publishers? We have not forgotten, either, that only a few months ago that grand old publication, The Canadian Magazine, fell by the wayside because it could not keep up the pace with such unfair competition. We presume it is only because these other publishers have interests in other business and technical publications that they are able to indulge in the luxury of rendering the Canadian people the public service of giving this great Dominion of ours magazines of truly national character.

In the Mail

Scrip for Sailors

Editor, The Financial Post:

An interesting problem, at present of a local nature, yet with national implications has emerged. This problem has resulted because of the difference in the purchasing power of the franc and the pound in terms of the Canadian dollar. Briefly stated the situation is as follows:

British and French sailors stationed at eastern maritime ports receive their pay in currencies of their respective countries. When the pound and the franc are redeemed in Canadian currency, purchasing power is somewhat curtailed particularly in the case of the franc.

Consider this situation. A French naval rating is paid somewhere in the neighborhood of 80 to 100 francs a month. This is the equivalent of about $2.50 to $3 in Canadian money. For one week's work the French sailor, stationed in Canada, may ride on our street cars three times and go to a movie once—a magnificent reward for a week's work at sea.

Certain proposals—embryonic in form as yet are being offered. They range from charity to the French to paying more Canadian currency for the franc than is currently quoted. At present no feasible solution has been offered.

The following solution is presented for comment.

When a French boat is stationed at a Canadian port the captain or paymaster lieutenant would be issued with scrip money. The officers and ratings would be paid with scrip of an amount in purchasing power equal to the rates of pay in the Canadian navy. The scrip would be accepted by shopkeepers and others at full value as marked on the scrip. It would be redeemed later by some organization created for the purpose—the shopkeepers receiving Canadian dollars.

The mechanical arrangements, to put the scheme into operation, are very simple and need not be discussed. More significantly, it would provide the sailors with sufficient funds to enable them to enjoy the recreational facilities so judiciously provided for the comfort of the forces—an enjoyment now beyond the reach of many of these men.

The obvious objection to the suggestion, of course, centres on the question who is to provide the Canadian dollars. This might be worked out between the British, French and Canadian Governments—or the central bank of Canada might print a few dollars to meet this expense (an educational order)—or it might be charged to Canada's war effort under the accounting heading "protection."

The cost of such a scheme cannot be great in relation to other expenditures that have been made so "economically" from time to time. The difficulties in making the necessary financial arrangements should certainly be offset by the consoling thought that Canada is not totally mercenary in her war effort.

W. F. LOUGHEED.
Dalhousie University,
Halifax, N.S.

As Others See Us . . . . .

Mackenzie Should Resign

Midland Free Press

The Financial Post has levelled enough accusations against Hon. Ian Mackenzie, Minister of Pensions in the Dominion Cabinet, and has produced sufficient documentary evidence to warrant Prime Minister King asking him to step aside until the truth or falsity of the charges is determined.

Though there is a war on, and little time for investigating scandal, the general public will not be satisfied to have as a member of Canada's war cabinet any man whose record as Minister of Defence is so apparently open to question. If Hon. Mr. Mackenzie is innocent why does he not institute libel proceedings against The Post? The publishers have left themselves wide open.

War Contracts

The Brooks Bulletin, Alta.

An effort is being made by The Financial Post to keep the present Government of Canada "on the straight and narrow path" in its programme of war purchases. Already there is evidence to show that inroads have been made upon the federal treasury by a few nefarious leeches. This thing should not be permitted. The Canadian people as a body, regardless of individual political affiliations, should demand that war profiteering on Government contracts should not be allowed.

The Canadian people are not in the mood to look askance at scandal in Governmental purchases for war requirements. The whole business should be conducted in an open and above-board manner in order that there may not be any scandal. Canadian people demand a clean war record from the Mackenzie King Government.

No Profiteering

Weekly Market News, Winnipeg

The Financial Post is to be commended upon its vigorous campaign against wartime profiteering and patronage in awarding war contracts. Whilst it is true that the Prime Minister has stated that patronage will not be tolerated, and whilst the Minister of Agriculture has suggested that farmers will not be looking for unduly high prices for their products as a result of war, yet it cannot be too often repeated that the people of Canada, and especially Western farmers, have no intention of allowing any one section of the country or any one particular industry to capitalize on the national emergency.

But just as there should be an "equality of sacrifice" in the matter of our individual contributions to the war, so also there must be an "equality of profit" between all those engaged in industries which will of necessity find increased markets as the result of the war.

Stop Me If . . . .

"I hear you've gone to school to cure your stuttering? Did it work?"

"Peter Piper picked a peck of pickled peppers."

"Say, that's fine."

"Y-yes, but it's d-d-darned hard to wo-wo-work into an ordinary conversation."

Week in Business

Outlook Favorable For New Year

Production and Employment are at Higher Levels—War Demand Assures Market for Many Canadian Raw and Manufactured Products

Canadian business enters 1940 on the uptrend.

Manufacturing is more active, export trade increasing, employment on a higher level and railway carloadings heavier.

Retail trade over the holiday season has been described by merchants as the best on record. Commodity prices are advancing.

Looking forward to the New Year there are a number of factors in the situation pointing to a continuation of the advance.

One of the most important of these is the increased purchasing power of the farming community. The big factor in bringing this about was the wheat crop of 479 million bushels, but other crops also were large. A preliminary estimate of the value of all field crops in Canada was $635.7 millions, more than $91 millions above that for 1938 and the largest since the $662 million figure of 1930.

Since the preliminary estimate was made, prices of all grains have advanced substantially and it is probable that when the final estimate is made it will be much higher. This large purchasing power, as yet only realized in part by the individual farmer, has a stimulating effect on business and should continue to do so.

* * *

The war demand for materials is a further factor pointing to continued activity in Canadian business, owing to the various things which Canada produces in large quantity and which are essential in wartime. Sentiment generally favors the belief that the war will be a long one. This means an ultimate demand for Canada's wheat and a continuous market for various other food products and materials which she produces.

The contracts for Canada's exportable surpluses of copper and zinc, while at pre-war price levels, guarantee a market for the product of Canada's base metal mines. An agreement whereby Great Britain will purchase up to 5.6 million lb. of bacon weekly from Canada also assures a market for considerably more bacon than Canada has been exporting in recent years.

* * *

Canada's expenditures on war materials so far have speeded up manufacturing operations materially. Contracts placed so far are estimated at around $50 millions. Official estimates place the total amount that the Canadian Government will spend on the war in the first year in the neighborhood of $315 millions. But it is expected that if actual fighting becomes more active, large contracts for munitions will be placed in Canada by both Great Britain and France. The Empire air-training scheme, it is expected, will mean the expenditure of $90 millions by Sept. 1, 1940, of which $48 millions appears to be included in the $315 millions mentioned previously. Total expenditures on the air training scheme are estimated at about $600 millions.

Altogether it is evident that hundreds of millions of dollars will be spent in Canada in the coming months, which is bound to have a stimulating effect on business.

Business Indicators

Current business active with the D.B.S. index of business activity for week ended Dec. 16 slightly above previous week and last year.

Carloadings for week ended Dec. 16 higher than year ago, total for year to date up over 4%.

Automobile exports in November higher than year ago. Cumulative for 11 months up 2%.

Automobile financing in November higher for used and lower for new cars from last year. Totals for 11 months down 5% and 19% respectively.

Sea fisheries catch in November 4% below 1938, but total for 11 months about 1% higher; landed value up 11% for month but down 6% for 11 months.

Electric power output gains 10% in November over 1938; cumulative for 11 months up 9%.

Life insurance sales down 3% in November from last year. Up 3% for 11 months.

Trend of business shown by The Financial Post Business Index and following key factors, new items for the week marked thus ▪.

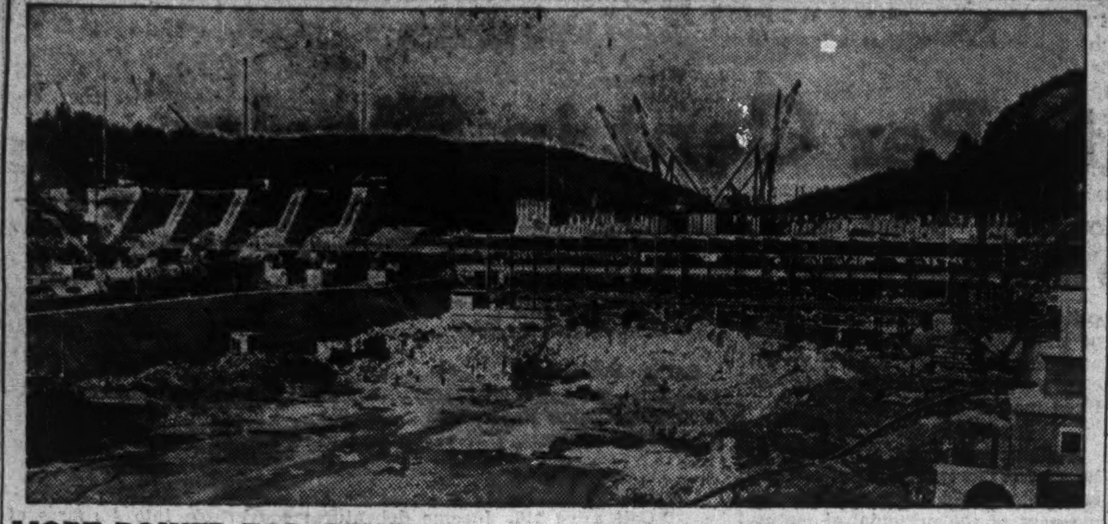
TREND OF BUSINESS—	Dec. 16	Dec. 9	Dec. 2	Nov. 25	Dec. 17/38
Weekly index of business, D.B.S.	104.9	104.3	105.2	103.5	104.5
Commodity prices index no.	81.2	80.8	80.2	79.7	73.4
	Nov.	Oct.	Sept.	Aug.	Year Ago
The Financial Post business index	*129.5	126.6	122.6	122.0	119.7
Retail sales index no.	....	88.6	87.6	81.8	80.5
Dept. stores sales index no.	81.4	90.0	86.6	73.1	78.6
Wholesale sales index no.	....	117.4	141.9	102.7	97.8
Country store (% change pr. yr.)	....	+3.5	+12.1	—2.2	—8.1
EMPLOYMENT Index No's., D.B.S.	Nov. 1	Oct. 1	Sept. 1	Aug. 1	Year Ago
All industries	123.6	121.7	119.6	117.5	114.6
Manufacturing	122.1	119.7	115.3	112.8	110.9
Wage earners, no. in 000's	....	....	2,506	2,461	2,402
Living costs weekly budget	....	$17.69	$17.02	$17.02	$17.35

<table>
<tr><th></th><th>1939</th><th>1938</th><th>Jan. 1 to date
1939</th><th>Jan. 1 to date
1938</th><th>%
Change</th></tr>
<tr><td>RAILWAYS—</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>▪Carloadings (week Dec. 16)</td><td>48,341</td><td>42,226</td><td>2,466,185</td><td>2,363,170</td><td>+4.3</td></tr>
<tr><td>C.N.R. gross (week Dec. 14) $</td><td>4,290,358</td><td>3,528,237</td><td>193,687,387</td><td>174,112,040</td><td>+11.2</td></tr>
<tr><td>C.P.R. gross (week Dec. 14) $</td><td>3,126,000</td><td>2,741,000</td><td>143,998,000</td><td>135,982,000</td><td>+5.8</td></tr>
<tr><td>C.N.R. net revenue ..(Oct.) $</td><td>5,453,848</td><td>4,650,861</td><td>12,106,202</td><td>2,195,607</td><td>+451.3</td></tr>
<tr><td>C.P.R. net revenue ..(Oct.) $</td><td>5,844,165</td><td>6,046,430</td><td>18,549,575</td><td>13,377,224</td><td>+38.6</td></tr>
<tr><td>IRON AND STEEL—(Oct.)—</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Pig iron production (tons)</td><td>85,758</td><td>50,657</td><td>573,740</td><td>605,502</td><td>—5.2</td></tr>
<tr><td>Steel ingots and castings prod. (tons) ....</td><td>149,890</td><td>76,256</td><td>1,087,583</td><td>987,261</td><td>+10.1</td></tr>
<tr><td>AUTOMOBILES—(Number)—</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Passenger Cars:</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Domestic sales* ... (Oct.)</td><td>5,850</td><td>5,392</td><td>74,671</td><td>80,826</td><td>—7.6</td></tr>
<tr><td>Factory output ... (Nov.)</td><td>9,882</td><td>15,423</td><td>97,315</td><td>109,563</td><td>—11.1</td></tr>
<tr><td>Trucks and Buses:</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Domestic sales* ... (Oct.)</td><td>1,210</td><td>1,124</td><td>21,057</td><td>23,253</td><td>—9.4</td></tr>
<tr><td>Factory output ... (Nov.)</td><td>6,874</td><td>2,569</td><td>41,023</td><td>37,909</td><td>+8.2</td></tr>
<tr><td>▪Exports .... (Nov.)</td><td>4,884</td><td>2,766</td><td>53,805</td><td>52,865</td><td>+1.7</td></tr>
<tr><td>Financing:</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>▪Used .... (Nov.) $</td><td>2,335,327</td><td>2,178,540</td><td>32,310,348</td><td>34,072,604</td><td>—5.2</td></tr>
<tr><td>▪New .... (Nov.) $</td><td>1,879,028</td><td>1,940,071</td><td>25,502,521</td><td>31,651,660</td><td>—19.4</td></tr>
<tr><td>CONSTRUCTION—</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Contracts awarded (Nov.) $</td><td>12,739,000</td><td>15,019,700</td><td>177,749,300</td><td>176,592,400</td><td>+0.6</td></tr>
<tr><td>Cement, bbls. .... (Sept.)</td><td>852,197</td><td>702,866</td><td>4,425,535</td><td>4,234,238</td><td>+4.5</td></tr>
<tr><td>AGRICULTURE—</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Flour prod., bbls ... (Oct.)</td><td>2,089,562</td><td>1,906,385</td><td>13,326,675</td><td>11,088,504</td><td>+20.1</td></tr>
<tr><td>Flour exp., bbls. ... (Nov.)</td><td>572,810</td><td>477,875</td><td>4,439,458</td><td>3,546,801</td><td>+25.1</td></tr>
<tr><td>Wheat exp., bush .. (Nov.)</td><td>20,635,199</td><td>21,703,514</td><td>128,492,138</td><td>98,195,775</td><td>+30.8</td></tr>
<tr><td>Cattle sales .... (Nov.)</td><td>108,983</td><td>128,718</td><td>1,009,833</td><td>966,628</td><td>+4.4</td></tr>
<tr><td>Hog sales .... (Nov.)</td><td>433,398</td><td>363,926</td><td>3,268,256</td><td>2,955,197</td><td>+10.5</td></tr>
<tr><td>SEA FISHERIES—‡</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>▪Catch, cwts. .... (Nov.)</td><td>731,800</td><td>760,000</td><td>9,009,120</td><td>8,922,610</td><td>+0.9</td></tr>
<tr><td>▪Landed value ...... (Nov.)</td><td>766,500</td><td>685,100</td><td>15,725,280</td><td>16,737,010</td><td>—6.0</td></tr>
<tr><td>NEWSPRINT—</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Production tons ... (Nov.)</td><td>288,726</td><td>245,295</td><td>2,628,610</td><td>2,414,827</td><td>+8.8</td></tr>
<tr><td>Exports, tons .... (Oct.)</td><td>270,493</td><td>248,067</td><td>2,149,432</td><td>1,967,385</td><td>+9.2</td></tr>
<tr><td>MINING AND OILS—</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Coal prod., tons .... (Oct.)</td><td>1,747,663</td><td>1,503,608</td><td>12,283,593</td><td>11,390,891</td><td>+7.7</td></tr>
<tr><td>Coal imports, tons .. (Oct.)</td><td>1,949,633</td><td>1,457,481</td><td>10,799,316</td><td>10,938,485</td><td>—1.2</td></tr>
<tr><td>Gold prod., fine oz. (Sept.)</td><td>421,485</td><td>408,326</td><td>3,803,202</td><td>3,464,398</td><td>+9.8</td></tr>
<tr><td>Nickel prod., lb. .. (Sept.)</td><td>20,275,866</td><td>16,939,700</td><td>170,361,711</td><td>160,097,162</td><td>+6.4</td></tr>
<tr><td>Copper prod., lb. .. (Sept.)</td><td>50,698,464</td><td>48,784,733</td><td>451,410,179</td><td>428,875,538</td><td>+5.2</td></tr>
<tr><td>Crude oil prod., bbl. (Sept.)</td><td>720,866</td><td>892,732</td><td>5,787,117</td><td>5,341,569</td><td>+8.3</td></tr>
<tr><td>Crude oil imp., bbl. (Oct.)</td><td>4,362,000</td><td>3,640,000</td><td>31,016,000</td><td>30,199,508</td><td>+2.6</td></tr>
<tr><td>ELECTRIC POWER OUTPUT—(Nov.)—</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>▪Total monthly, 1,000 kw.h.'s</td><td>2,606,821</td><td>2,375,661</td><td>25,820,556</td><td>23,659,609</td><td>+9.1</td></tr>
<tr><td>FOREIGN TRADE—♦</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Imports .... (Oct.)</td><td>79,053,266</td><td>63,908,940</td><td>594,384,985</td><td>569,861,699</td><td>+4.4</td></tr>
<tr><td>Exports .... (Oct.)</td><td>91,418,530</td><td>89,253,928</td><td>735,458,619</td><td>691,990,465</td><td>+6.4</td></tr>
<tr><td>OTHER INDUSTRIAL FACTORS—</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Dressed lumber exp.: 1,000 bd. ft. ...... (Nov.)</td><td>138,924</td><td>156,875</td><td>1,962,894</td><td>1,509,826</td><td>+30.0</td></tr>
<tr><td>Shoes, prod., pr. ... (Oct.)</td><td>2,701,694</td><td>1,760,996</td><td>20,606,901</td><td>18,582,752</td><td>+10.9</td></tr>
<tr><td>Cotton imports, lb. .. (Oct.)</td><td>26,349,000</td><td>17,639,000</td><td>102,100,000</td><td>103,699,000</td><td>—1.5</td></tr>
<tr><td>Raw rubber imp., lb. (Oct.)</td><td>12,710,866</td><td>7,031,956</td><td>60,559,338</td><td>45,643,972</td><td>+32.8</td></tr>
<tr><td>Cigarette cons., No.† (Nov.)</td><td>632,938</td><td>599,736</td><td>6,613,813</td><td>6,351,250</td><td>+4.1</td></tr>
<tr><td>Sugar manufactured .. lb.§</td><td>146,317,261</td><td>158,494,897</td><td>809,120,369</td><td>822,174,714</td><td>—1.6</td></tr>
<tr><td>FINANCE—</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Bank debits† ...... (Nov.) $</td><td>2,930,346</td><td>2,965,079</td><td>28,560,485</td><td>27,975,277</td><td>+2.1</td></tr>
<tr><td>Bond sales† ...... (Nov.) $</td><td>64,365</td><td>101,541</td><td>1,364,133</td><td>1,052,629</td><td>+29.5</td></tr>
<tr><td>▪Life insurance sales (Nov.) $</td><td>36,062,000</td><td>37,167,000</td><td>361,201,000</td><td>350,380,000</td><td>+3.0</td></tr>
</table>

*D.B.S. All Canada figure comprising over 90% of the Canadian total.
†000's omitted §For four weeks to Nov. 4, 1939. ♦Gold excluded.
‡Unrevised figures covering N.S., P.E.I., N.B., Que., B.C. *Preliminary.
New items for week marked ▪

Esso
Oil Burner

Enjoy clean, comfortable, economical home heating with an Esso Oil Burner.
You can purchase an Esso Oil Burner on exceptionally favorable terms at new low prices. Installed, guaranteed, serviced and fueled by Imperial Oil Limited, makers of Esso and 3-Star Motor Fuels.
Pay as little as $5.2[illegible] month. Write or 'phone for details.
IMPERIAL OIL LIMITED



MORE POWER FOR CANADA

On the St. Maurice River at La Tuque, Que., Shawinigan Water & Power Co. and Brown Corp. will have ready by next September a new hydro-electric power development which will deliver 162,000 h.p. Installation will cost approximately $15 millions and this is the largest current building project in Canada.

St. Maurice Power Wheels Ready to Turn in September

From Our Own Correspondent

MONTREAL.—St. Maurice Power Corp., owned jointly by Shawinigan Water and Power Co. and Brown Corp., will bring into production three 40,500 h.p. generating units about the middle of next September; a fourth will go into operation about the beginning of 1941. Provision is being made for a fifth and sixth unit to be installed sometime in the future, which will bring the plant up to its ultimate capacity of 243,000 h.p.

The entire output of the plant has already been contracted for. Brown Corp. whose pulp plant at LaTuque is running to capacity, has an option upon one half the output of the new power plant. Shawinigan has agreed to take 25,000 h.p. the first year, and at least 15,000 h.p. each year thereafter until the total output, less the amount taken by Brown's, has been accounted for.

Within Estimated Cost

Work on the largest engineering undertaking at present under way in Canada is in advance of schedule. Construction was commenced by Shawinigan Engineering Co. in March, 1937. To date construction costs have been within the original estimate.

The development is located at LaTuque Falls, 104 miles above the outlet of the St. Maurice River at Three Rivers. Here the river drops 91 feet, in a narrow, three-quarter mile long gorge, at the foot of which a dam has been built that will enable a head being utilized for power, varying between 104 and 114 feet, according to the flow conditions of the river.

The concrete dam and intake structure, built across the river at the lower end of LaTuque Falls, is 100 feet high, and nearly a quarter of a mile long. The power house adjacent to the intake structure is a brick building, 375 ft. long, 60 ft. wide and 70 ft. high.

Build on Big Scale

The discharge section of the dam will contain five sluice-gates, each 50 ft. wide by 31 ft. high, and two regulating gates, 20 ft. high and 15 ft. high, the discharge capacity of these gates being approximately 190,000 cu. ft. per second.

This undertaking is of such magnitude that the concrete placed, and to be placed, would build a two-lane cement highway, 78 miles long. The lumber, brick and other building materials involved, are sufficient for the erection of 2,500 six-room modern homes.

The bringing into production of 162,000 h.p. at LaTuque by the end of next year will not only take care of the needs of the Brown Corp., but will guarantee the Shawinigan system a ready source of additional power to meet any possible requirements for war purposes within the territory served by it.

The capital involved in this undertaking by the St. Maurice Power Power Corp. is expected to run close to $15 millions, of which sum about $12 millions will be financed through the sale of bonds. Meanwhile the enterprise is being financed by Shawinigan until such time as permanent financing takes place.

Keeping Posted

By J. C. KIRKWOOD

More ink! Or should I say less ink? Is the consumption of printers' ink increasing or lessening in these times? Ink has its enemies. Radio is one of them and another is newspaper mergers. Perhaps architecture is another, meaning that the refinements of printing and publishing plants make printers' ink less obvious than it once was. And I'm told that the old-time printers' roller towel, foully black, is rarer now. And the smell of printers' ink, once the great inspirer of editors and journalists, may not today be so pervasive as it was before architects began to devise printing and publishing plants.

These reflections are born of something which I read in the December issue of Canadian Printer and Publisher—about the new home of the Red Deer Optimist Press, from which comes fortnightly the Red Deer Optimist newspaper, whose owner-editor is Ernest C. Fletcher.

Mr. Fletcher developed traditionally—normally. He began his career as a printer 21 years ago in a shop in the Okanagan Valley; then he went to Enderby, on a newspaper; then to the Vernon News; then he operated the C. P. R. printing plant in the Hotel Palliser, Calgary; and then on to other printing establishments; and now, since 1930, he has been in Red Deer, Alberta.

Red Deer seems to be prospering. The T. Eaton Company recently built a $250,000 branch there; and now there is the fine new plant of the Optimist Press.

* * *

Credit Sales Spread

R. H. Macy & Company, New York department store, a strictly cash store for 81 years, is now selling on credit terms. The new way is called "cash-time" service. The credit accommodation is limited to a 16-months period.

The reason for the cash-time service is, says Stylewear Buyer, a realization on the part of Macy's that for years installment selling has been growing in popularity and has been extending to all income groups. "We recognize," the president of Macy's is reported as saying, "that a customer may have good reason for paying out of income instead of out of capital, and just as emphatically we believe that a person who has cash should be able to buy at cash prices which are not weighted by the added cost of credit operations."

* * *

Plastic Glass

Good old-fashioned glass may some day soon become obsolete. It is steadily being displayed with plastic glass, and all because plastic glass is tough—won't break when hit violently, won't splinter, won't behave as regular glass should. In the December issue of Canadian Automotive Trade pictures of Vinal—the trade name of a plastic glass—are shown. One picture shows Vinal receiving the impact of a hard-thrown baseball without being smashed. Another picture shows Vinal after having been twisted up like a wet dishtowel—still ready for more punishment. Vinal, it is said, is like a rubber band—it stretches easily.

* * *

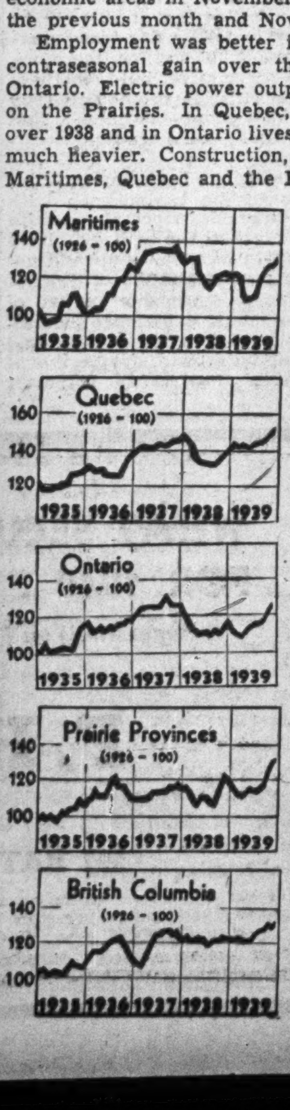
Rare Thimbles

Thimbles are becoming obsolete—apparently. Into a very large Toronto jewellery store I went on the eve of Christmas to buy a silver thimble. "Thimbles!" said a salesman and shook his head, and then asked a floorman about thimbles. "We've got them," said this man and then he proceeded to make enquiries, only to be met with shaken heads. Finally he got direction to the counter where thimbles could be had. But drawer after drawer had to be opened and different sales persons asked, before thimbles were located, and when the saleswoman opened the box marked "Thimbles," it was found to be empty. But a second box opened contained the humble and elusive contrivance. Perhaps it won't be long before needles and thread will be extinct—so far as the home is concerned. Perhaps it is zippers that are killing thimbles.

Business Gains Reported In All Economic Areas

Improvement in general business in Canada in recent months is reflected by advances in The Financial Post indices of business activity in all five economic areas in November. Gains were shown in each case over both the previous month and November last year.

Employment was better in all areas than a year ago, and showed a contraseasonal gain over the preceding month in the Maritimes and Ontario. Electric power output also was higher than a year ago, except on the Prairies. In Quebec, newsprint production showed a good gain over 1938 and in Ontario livestock slaughterings and steel production were much heavier. Construction, however, was lower than a year ago in the Maritimes, Quebec and the Prairies.



Trend of Business in Economic Areas

	Nov., 1939	% Change from Nov., 1938	Oct., 1939
Maritimes:			
Constr. contracts ... $	705,000	—43.3	1,520,000
Bldg. permits .... $	141,000	—66.2	430,000
Life Ins. sales ... $ 000	3,149	+28.2	2,781
Bank debits .. $ 000,000	66.2	+9.1	68.8
Elec. pwr. .. kw.h. 000	84,466	+10.3	77,412
Employment*	123.0	+12.0	117.9
Shipping—Halifax tons	959,900	+221.2	514,337
Exports .... $	6,008,752	—3.2	5,593,292
Index	131.4	+5.9	130.2
Quebec:			
Constr. contracts ... $	3,369,000	—44.6	3,257,000
Bldg. permits .... $	1,277,000	—16.0	936,000
Life ins. sales ... $ 000	7,966	—10.5	8,249
Bank debits .. $ 000,000	807	—18.0	774
Elec. pwr. .. kw.h. 000	1,080,966	+7.0	1,090,379
Employment*	130.3	+7.1	131.5
Cotton consump. .. lb.	15,978,183	+75.6	12,404,001
Newsprint prod. . tons	288,726	+17.7	280,985
Index	151.0	+7.6	149.4
Ontario:			
Constr. contracts ... $	6,673,000	+15.3	7,034,000
Bldg. permits .... $	1,972,000	—2.4	3,090,000
Life ins. sales ... $ 000	15,608	—6.0	15,151
Bank debits .. $ 000,000	1,218	—3.0	1,152
Elec. pwr. .. kw.h. 000	918,284	+20.4	902,443
Employment*	134.5	+8.8	124.4
Livestock slaughterings*	174.2	+22.2	172.1
Steel production, tons	147,182	+63.3	149,890
Auto production . no.	16,756	—6.9	11,296
Index	124.9	+9.4	123.3
Prairie Provinces:			
Constr. contracts ... $	834,000	—36.0	799,000
Bldg. permits .... $	408,000	+13.7	360,000
Life ins. sales .. $ 000	6,152	+11.1	5,699
Bank debits .. $ 000,000	668	+35.5	726
Elec. pwr. .. kw.h. 000	197,360	—2.3	194,791
Employment*	108.9	+5.2	112.7
Wheat receipts .... bu.	36,815,000	+73.9	80,192,000
Wheat prices**	70/4	+19.5	70/2
Index	130.5	+6.3	130.2
British Columbia:			
Constr. contracts ... $	1,158,000	+94.3	1,618,000
Bldg. permits .... $	351,000	—8.6	596,000
Life ins. sales ... $ 000	2,835	+5.6	2,499
Bank debits .. $ 000,000	171.2	—0.2	176.5
Elec. pwr. .. kw.h. 000	170,499	+7.4	173,137
Employment*	110.0	+4.0	115.5
Exports .... $	11,213,515	—15.8	11,629,144
Index	130.9	+5.4	130.5

*1926=100.
**Cents and eighths of a cent per bushel.

Railways Show Better Results

Grand Trunk Western And Soo Line Record Marked Improvement

From Our Own Correspondent

MONTREAL. — In the first 10 months of the current year there was marked improvement in the operations of Canadian-owned or controlled railway lines in the United States.

Reflecting increased revenues, net railway operating income improved in every instance. In some cases deficits were turned into profits.

The most marked improvement was recorded in operations of the Minneapolis, St. Paul and Sault Ste. Marie Railway, formerly controlled by the Canadian Pacific Railway, but now in bankruptcy. Total operating revenues of this line increased $3.2 millions over the first 10 months of 1938. Compared with a net operating loss of $190,000 in the same period last year there was a net operating income of $2.5 millions in the 10 months ended Oct. 31.

Grand Trunk Does Better

The Grand Trunk Western Railway, a subsidiary of Canadian National Railways, has also given a good account of itself. Revenues for the 10-month period rose $3.2 millions and a net operating loss of $1.3 million was converted into a net operating income of $763,000.

The Central Vermont Railway, another C. N. R. subsidiary, also reports a profit as against a loss last year.

Comparative figures of net operating income are given below:

Net Railway Operating Income
10 Months Ended Oct. 31

	1939 $	1938 $
C.P.R. lines in Maine .	37,714	d49,442
C.P.R. lines in Vermont	d491,356	d632,026
Duluth, South Shore*	82,700	d82,541
Minn., St. Paul & S.S.M.*	2,509,155	d190,863
Spokane Internat'l.* ..	82,179	43,843
C.N.R. in New England	d542,024	d549,622
Central Vermont	175,508	d513,932
Grand Trunk Western	763,694	d1,303,699

d—Operation loss or deficit.
*Formerly controlled by C.P.R. now in bankruptcy.

Quebec Fair Wage Board Enforces Levy on Wages

From Our Own Correspondent

MONTREAL.—The Quebec Fair Wage Board is making a levy of one third of 1% on the payrolls of all employers in the province, with certain minor exceptions, for the first quarter of 1940. Payments are to be made on or before April 10.

A levy on wages in order to pay the expenses of the Fair Wage Board was decided on by the Duplessis Government, but was never enforced. The purpose of the levy at this time is to repay amounts owing the Provincial Government.

According to Gustave Francq, new vice-chairman of the board, expenses are to be reduced and no further levy is expected.

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Central Finance Expands Adds Four New Branches

Central Finance Corp. will operate under the name of Household Finance Corp. of Canada, beginning Jan. 1. The company changed its name some months ago by an act of Dominion Parliament.

The company commenced operations in Canada in 1928. It is a wholly-owned subsidiary of Household Finance Corp., incorporated under the laws of Delaware, with head office at Chicago.

The Canadian organization plans a programme of expansion in the New Year. New branches will be opened in Montreal, Winnipeg, Vancouver and Victoria. At present there are 15 branches operating: Five in Toronto and one office in Ottawa, Peterborough, Hamilton, St. Catharines, Niagara Falls, Sudbury, Brantford, Kitchener, London and Windsor.

This company, as well as others operating in the Dominion will be governed starting Jan. 1 by the new Small Loans Act, 1939, which was passed at the last session of Parliament.

Charges Set

The Act introduces an all-inclusive cost limitation, compulsory licensing and supervision of all lenders of sums up to $500. The Act will bring uniformity to all companies of this description in Canada. Borrowers may not be charged a total for all purposes of more than 2% a month on the amount outstanding. Under the provisions of the new law a borrower may receive from these companies up to $500, to be repaid in equal monthly installments over 12 or 15 months. If the term is 12 months the borrower would pay $13.52 for the use of $100 during that period.

The Dominion Superintendent of Insurance is vested with power to check operations of all small lenders (with the exception of pawnbrokers, who come under provincial jurisdiction and banks, which come under the Bank Act). Stiff penalties are provided for infraction of the regulations. Penalty clauses have been incorporated in the Criminal Code, and the provincial attorney-general may prosecute in the criminal courts.

Central Finance Expands

In the past three and a half years, Central Finance, the largest small loan company in Canada, has made 156,000 loans for nearly $27 millions. The company's business has shown a substantial growth in the past seven years. In 1933, total amount loaned was $1.5 millions and the number of borrowers was 7,930. In 1939, nearly 50,000 persons have borrowed $8 millions. Over 60% of the loans were for less than $150.

The minimum amount loaned has been $50, but will be lowered to $20 to accommodate those wishing to make "emergency" loans.

The company has announced changes in personnel to staff the new branches.

S. H. Mackay is supervisor of branches, with headquarters in Toronto. E. F. Adamson has been appointed manager for the Ottawa branch. G. S. Muma becomes manager at Sudbury. Montreal branch will be managed by A. W. Bruce. E. G. Sands will be Vancouver manager, and W. D. Brewster will be transferred to the new branch at Victoria, as manager. A. E. Greenaway will manage the College and Spadina branch in Toronto. F. W. Whitehead is new manager at Brantford. W. I. Ambler goes to Kitchener as manager and W. J. Harrons replaces M. E. Holt as manager at Niagara Falls, with the latter managing the Peterborough office.

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Exchange Stock Of Cuban Sugar

Cuban-Canadian Sugar Reorganizaton Effected —1939 Report is Issued

From Our Own Correspondent

MONTREAL. — Reorganization plan of Cuban Canadian Sugar Co. has been completed. The old 8% cumulative redeemable preferred stock has been exchanged on the base of one share for one share new common stock at a par value of $5 each, while holders have exchanged 20 old common shares for one new share.

Prior to reorganization the company had outstanding bank loans and accrued interest of $1,124,534; first mortgage bonds and accrued interest of $2,265,000; general mortgage bonds and accrued interest of $1,704,000; advances from Royal Securities Corp. of $1,399,518; $4 millions of preferred stock and $5 millions of common stock.

Cut Down Charges

Under the new setup the company has $800,000 of 1% demand loan; $1,500,000 of first mortgage bonds; $600,000 of 12 year 1% to 3% unsecured notes; and 17,430 common shares at a par value of $5 each.

At the same time the note describing completion of the plan was sent out to shareholders, the financial statement for the year ended June 30, 1939, was mailed to shareholders. The balance sheet of this report gives effect to the plan of reorganization.

Earnings in 1939

During the year the company had a gross profit from all sources of $151,165. This contrasts with $171,494 in the 1937 fiscal year. Net profits available for interest on long term debt and provision for depreciation was $107,278. The former required $31,500 while $93,606 was set up for depreciation, leaving a net loss for the year of $17,827.

The balance sheet as at June 30, 1939, shows current liabilities of $634,929, including secured bank loans of $580,770, but excluding a sinking fund note payable on demand of $365,883. The long term debt stands at $2.1 million.

On the asset side of the balance sheet, current items are shown at $665,465 and fixed assets at $2,571,376.

Southern Can. Power Net Earnings Improve

From Our Own Correspondent

MONTREAL. — Southern Canada Power Co. recorded a relatively substantial increase in net income during November. Gross revenue amounted to $228,212 and net at $125,652. After deducting prior charges and dividends on the common stock, there was a surplus of $13,000, which compares with $1,419 in the same month last year.

For the two months ended November the company reports a gross revenue of $442,770, an increase of $41,923 over the like two months of 1938. About half of this gain was carried forward into net earnings and surplus after all charges, including dividends, totalled $19,832, up from $1,491 a year ago.

Can. Industrial Alcohol Reports Prospects Good

From Our Own Correspondent

MONTREAL. — Canadian Industrial Alcohol Co. has experienced a decrease in beverage sales at the close of the fiscal year due to higher prices in the domestic market, according to a statement made at the annual general meeting by president Gordon W. Scott. He added that there were good prospects of selling alcohol in connection with the war efforts.

The McNish subsidiary was showing satisfactory results, Mr. Scott reported, although the problem of exchange affected the revenues received in Canadian funds by the parent company.

Investing in Wartime

Eighty Per Cent in Stocks

Sees Hazard in too Great Stress on War-inspired Business When Peace Comes

Another interesting viewpoint on the best investment policy for a Canadian businessman in wartime is presented. These suggestions should be regarded as those of the author rather than either the judges of the contest or The Financial Post.

Leon Frazer, winner of an Honorable Mention Award in the contest, is engaged in investment management work in Toronto.

By LEON FRAZER

War brings many new problems to add to the difficult task of sound investment procedure. Although in retrospect it is interesting to study the effect of the last war on investments in Canada, conditions at this time cannot be considered as assurance of a similar experience. One circumstance created by the present war has, however, simplified to some extent the problems of the Canadian investor, but at the same time increases the risk, viz., the Foreign Exchange Control Board regulations, making it practically impossible to invest in other than Canadian securities, unless the investor has at present foreign balances in his favor in other countries. To all intents and purposes, therefore, consideration of geographical diversification of risk by the Canadian investor with Canadian funds is not practical.

Assume No Confiscation

How long the present conflict will last, whether it be a war of attrition, and what the outcome will be, no one can foretell. For the purposes of this discussion, however, one factor must be assumed, i.e., that the conduct of the war will not result in the confiscation of all properties for the good of the State, and that private enterprise will be encouraged to progress through the profit system.

Sound investment procedure for the individual should at all times provide for the conservation of capital and maintenance of the purchasing power of the earned income. During a period of price inflation, such as is usually experienced in a period of increasing trade activities created by war, it is necessary, therefore, to increase the income to offset the increased costs for goods and services, and in the longer run, higher standards of living brought about by scientific progress.

Basis of Investment

The establishment of a sound investment portfolio by the individual is influenced largely by personal circumstances and objectives desired. These are distinctly different in almost every case, and therefore for the purposes of this discussion, it is necessary to consider the following circumstances:

This particular businessman has:

(1) Sufficient income from his business to meet his normal expenses;

(2) $50,000 private surplus for investment, which is available primarily for protection against the future;

(3) Readiness to accept the ordinary risks of business and investments;

(4) A desire for a fair return on his capital, but would welcome the prospect of capital appreciation.

It is further assumed that:

(a) His business will improve soundly in war and peace;

(b) He has adequate life, accident, business and fire insurance;

(c) Being a married man with a family, his estate is of such value as to provide his dependents with financial security, after payment of succession duties, expenses, etc.; and

(d) He has sufficient spare time to devote to his investments for the purpose of avoiding unnecessary losses.

Question of Bonds

For many years past it has become the custom to believe that the only safe investments are government bonds and first mortgages on real property. Due to the determined and successful policies of the Dominion Government through the Bank of Canada, ostensibly to assist debtors, including the Government itself, interest rates on bonds and mortgages have been recently at an all-time low, the current yield on bonds being unattractive to the average investor. Financing of war requirements, to which must be added the eventual demand for money by industry to expand productive capacity. will probably have the effect of stiffening interest rates, which in turn will depress the market value of all outstanding government obligations. Dependent upon the period of transition, progressive stiffening of interest rates will tend to depreciate the principal value of nearly all fixed income bearing securities.

Mortgages Lose Caste

Until recent years, the holder of select first mortgages, individual and corporate, could depend upon full payment of the principal at maturity, and a fixed and regular income. This assurance of safety of capital and income was provided through the possibility of enforcing the terms of the obligation by legal procedure. Moratorium Acts, Creditor Arrangement Acts and amendment to the Bankruptcy Act now in force in all the provinces of Canada, make it practically impossible for the creditor to enforce the claim. Mortgages, whether individual or corporate, are therefore only as sound as the credit of the debtor, a variable factor.

The conclusion, therefore, must be that bonds and mortgages are not attractive to the individual investor at the present time. This, however, should not be interpreted to mean that bonds should not have a place in the portfolio of an individual. High-grade, short-term bonds have a distinct value in providing funds at a specified time for definite purposes, and should also be subscribed for during a war period for patriotic purposes. Any loss that may occur in capital through stiffening interest rates, may be readily offset by capital appreciation in other securities.

80% in Stocks

Having considered bonds and mortgages, it must be concluded that the best interests of the individual investor, at the present time, would be served by assuming the ordinary risks of diversified investment in those securities which at present, or in the future, will represent the part ownership of sound corporations, whose earnings may be depended upon to be maintained or improved over a reasonable period of time. Obviously, under war conditions it would be extremely hazardous to weight an investment portfolio with securities of companies whose earnings would derive largely from war business. Any programme devised in that manner would prove quite vulnerable in the event of sudden peace development.

Taking all the above factors into consideration, and having in mind the circumstances of the businessman, I would therefore place approximately 10% in short-term government bonds, 10% in corporation bonds, 20% in preferred stocks, and 60% in common stocks.

Bond Selection

The decision to invest 10% in short-term government bonds is to provide a reasonable cash position to take care of any contingency which may arise, or to provide funds in the future to take advantage of reinvestment in bonds with a higher coupon rate, without much loss of capital.

The corporation bonds selected include two which are convertible into the common stock of the respective companies, and the other because it may be purchased below its call price. Due to the dependence of the Canadian pulp and paper industry on the United States market, which has at times proved extremely volatile, it is considered advisable to confine the investment in that particular industry to the bonds of two of the soundly managed companies which have covered interest requirements by a comfortable margin during lean periods.

In selecting the corporation bonds, preferred stocks and common stocks, consideration has been given to the primary need for diversification in the various classes of industries. (See summary of distribution.)

It is obvious that there are other classes of industries that might be included, such as agricultural machinery, electrical equipment, utilities, automobile, rubber, etc., but when consideration is given to securities of the sound companies represented in these fields of industry and which are available to the public, the conclusion must be reached that the limited marketability of the shares, the problems of exchange, rising commodity prices and increasing labor costs, make them unattractive to the investor with limited funds.

Due to the question marks surrounding the gold mining industry, such as rising costs of production against a probable stability of the price of gold, I am of the opinion that only mining companies producing base metals in addition to gold should be included at the present time.

Investment Trusts

Long experience in investment trust management in Great Britain has proved that safety is best secured when investing in industry by investing not more than 5% in any one particular security. During a period of business recovery during which investment in industry is justified, it seems, therefore, that without constant investment management, the portfolio of the businessman here discussed could do no better than to follow the same principle. It is further assumed that the portfolio should be for purposes of holding for at least a few years investment, and is therefore diversified sufficiently to withstand the final outcome of peace.

The prices used are the closing or offering prices as at October 31, 1939. Although it is recognized that the prices have recovered considerably since the outbreak of hostilities, nobody can assume with accuracy that purchases can be made in the near future at substantially lower prices, although it may be possible. Near-term fluctuations in market prices are practically unpredictable, and the investor is usually well advised not to be influenced by them.

Leaders in Field

Analyses of all companies whose securities are recommended in this investment portfolio, show that improvement of earnings may be expected for some time to come, unless some unexpected development should occur to detrimentally affect the potentialities for the future. All companies are practically leaders in their respective fields, and have proved sound managements.

It is unfortunate for the investor holding an interest in most of our Canadian companies that our stock exchanges do not require quarterly financial statements from all companies whose securities are listed, so as to permit more frequent studies of the positions of the companies.

It must be also recognized that, due to the billions of dollars invested in branch plants controlled by American and British companies in Canada, it is not possible to secure an interest in many of the leading industries.

Peace of Mind

In recommending the portfolio attached, it is acknowledged that it would be possible to select one with greater potentiality for capital appreciation in more speculative issues, but I submit that the businessman in question should rest more easily with the feeling that it will not be necessary to follow day-today market prices. The sacrifice, therefore, of some speculative, but sometimes elusive profits, is compensated by peace of mind—confident that through time profits are fundamentally sound.

In conclusion, I recommend this portfolio to the businessman with circumstances described above, with the belief that "he will not have bitten off in war what he could not chew in peace," and the confidence that over a reasonable period of years he should experience increasing dividend returns, and gradual sound capital growth, irrespective of inescapable increasing corporate taxation.

Expects Appreciation

Quantity	Description	Price Oct. 31	Amount $	Income $	Price Dec. 23
	Government Bonds				
$5,000	Dom. of Canada, 3/42	103¾	5,187.50	150.00	102¾
	Corporation Bonds				
$2,000	Dom. Steel & Coal, 6¼/55	117*	2,340.00	125.00	108
1,000	Great Lakes Paper, 5/55	95†	950.00	50.00	91½
2,000	Price Brothers, 4/57	106§	2,120.00	80.00	103
			5,410.00	255.00	

* Call price 110. Income debentures convertible into 4 shares of common stock for each $100.
† Call price 103. 1st mortgage bonds.
§ Call price 100 after Feb. 28, 1942. Income debentures convertible into 1 common share for each $30 principal before Mar. 1, 1947.

Quantity	Description	Price Oct. 31	Amount $	Income $	Price Dec. 23
	Preferred Stocks				
(1) 75 shs.	Can. Car & Foundry, 7%	31	2,325.00	(none)	26¾
(2) 20 "	Canadian Celanese, 7%	118	2,360.00	140.00	126½
(3) 15 "	Sherwin-Williams, 7%	110	1,650.00	105.00	112
(4) 20 "	Simpsons Limited, 6½%	96	1,920.00	120.00	99
(5) 20 "	Western Grocers, 7%	110	2,200.00	140.00	110
			10,455.00	505.00	

(1) $25 par value. Participates equally with common after $1.75 paid on common. Arrears of dividends as at Oct. 11, $7.38 per share.
(2) $100 par value. In addition to 7%, entitled to participate in 10% of net profits for each fiscal year. 50c participating extra paid March 31, 1939.
(3) $100 par value. Arrears of dividends as at Oct. 2, 1939, $1.25 per share.
(4) $100 par value. Callable at 105 plus accrued dividends. Arrears of dividends as at Nov. 1, $23.62½. Present rate $5 plus $1 for past two years.
(5) $100 par value. Participates equally with common in any distribution after $8 paid on common.

Quantity	Description	Price Oct. 31	Amount $	Income $	Price Dec. 23
	Common Stocks				
20 shs.	Aluminium Limited	125	2,500.00	(6)	125
100 "	Building Products	17	1,700.00	70.00	16¾
75 "	B. A. Oil	23½	1,762.50	75.00	23½
(7) 20 "	Canada Packers	102	2,040.00	60.00	102¾
(8) 10 "	Can. Industries B	238	2,380.00	65.00	235
20 "	Dominion Glass	120	2,400.00	100.00	123
50 "	Hudson Bay Mining	34½	1,725.00	87.50	31½
125 "	Imperial Oil	18½	1,850.00	156.25	15½
100 "	Imperial Tobacco	15½	1,550.00	62.50	15½
50 "	Inter. Nickel	49½	2,475.00	100.00	45½
(9) 50 "	Moore Corp.	45	2,250.00	80.00	45
25 "	Noranda Mines	78	1,950.00	100.00	76¾
50 "	Ogilvie Flour	35	1,750.00	50.00	33¼
(10) 25 "	Steel of Canada	87	2,175.00	43.75	85½
			28,507.50	1,050.00*	

*Excluding extras (except from Imperial Oil) and stock dividends.
(6) 25c per share and 10% stock dividend paid on April 28, 1939.
(7) Extra dividend of $1.00 per share paid on July 3, 1939.
(8) No regular rate. $7.50 paid in 1937; $6.00 in 1938, with quarterly payment of $1.75 on October 31, 1939; $4.75 paid to date in 1939.
(9) Extra payment of 40c per share paid Jan. 3 for last two years.
(10) On Feb. 1 for the past three years, $2 extra per share has been paid to equalize dividends previously paid on preferred stock. $4 per share yet to be paid (prior to Feb., 1940, payment of $2).

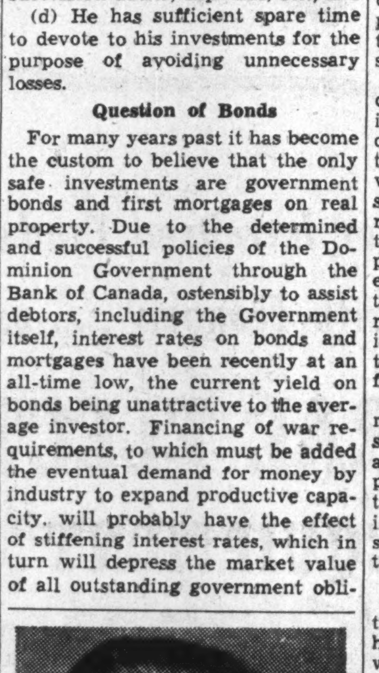
Summary	%	Amount $	Income $	Current Yield %
Government Bonds	10.4	5,187.50	150.00	2.9
Corporation Bonds	10.8	5,410.00	255.00	4.7
Preferred Stocks	20.9	10,455.00	505.00	4.8
Common Stocks	57.0	28,507.50	1,050.00	3.6
Totals	99.1	49,560.00	1,960.00	
Cash bal. (before br'age.)		440.00	......	
Grand Total		50,000.00	1,960.00*	3.9*

*Conservatively estimating participating dividends, extras and proceeds from sale of stock dividends at $200 per annum, the probable actual return at current rates would be 4.32%.

Percentage Distribution by Classes of Securities and Industries

	Total %	Bonds %	Stocks Preferred %	Stocks Common %
Chemicals	4.8			4.8
Construction	6.7		3.3	3.4
Consumers' Goods	10.7			10.7
Equipment & Aircraft	4.7		4.7	
General Business	9.3			9.3
Merchandising	8.2		8.2	
Metals (excluding steel)	17.3			17.3
Oil	7.2			7.2
Paper & Pulp	6.1	6.1		
Steel, Iron & Coal	9.0	4.7		4.3
Textiles	4.7		4.7	
	88.7	10.8	20.9	57.0
Add: Government Bonds	10.4			
Cash Balance	.9			
Total	100.0			

Quotations in portfolio submitted Oct. 31, approximate current prices inserted in last column for purposes of comparison.



EXCHANGE MEMBER

W. L. S. O'Brien, recently admitted to partnership in O'Brien & Williams, who has been elected a member of the Montreal Stock Exchange.

Can. Northern Power November Net Off

From Our Own Correspondent

MONTREAL. — Canada Northern Power reports net earnings in November of $224,260, a decrease of $12,320 for the same month last year. Gross earnings showed a decline of $688 at $446,332 while operating expenses showed an increase of $11,632 at $222,072.

For the 11 months to November the the report shows net earnings of $2,450,726, or $72,668 less than for the like period of 1938. Gross income this year was up $115,713 at $4,807,732, but operating expenses were up $188,381 to $2,168,625.

Power production for November totalled 63,258,286 kw.h., which represented an increase of 3,152,896 kw.h., and brought total production for the 11 months up to 684,406,461 kw.h. This contrasts with 638,325,566 kw.h. for the same period of 1938.

Acadia Apartments Ltd. Approves Reorganization

From Our Own Correspondent

MONTREAL.—Plan of reorganization for Acadia Apartments Ltd. has been approved by first mortgage bondholders.

Under the plan first mortgage bondholders receive $300 of new 4% first mortgage bonds plus 15 shares of new, no par value stock, and $20 in cash for each $500 of 6½% first mortgage bonds held.

For each $500 of 7% general mortgage bonds, the holder receives 10 shares of new no par value stock. Holders of the old 7% preference shares receive one new common share for each five preference shares held. Common shareholders receive one new no par value common share for each 10 old common shares held.

Capital of the company will now comprise $469,680 of 4% first mortgage bonds and 27,484 shares of common stock.

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Steel of Canada Earnings Rise

Equalizing Dividend of $2 a Share Declared — Cuts Common Arrears to $2

From Our Own Correspondent

MONTREAL.—In addition to the regularly quarterly dividend for the three months ended Dec. 31, the Steel Company of Canada has declared an additional dividend of $2 a share on its ordinary stock. This is an equalizing dividend on account of arrears. Both the regular and additional dividend are payable Feb. 1 to shareholders of record Jan. 5.

This brings total payment on the ordinary stock for the current year to $3.75 a share, the same as has been paid in each of the past three years. After payment of the additional dividend of $2 a share on Feb. 1 the amount owing to ordinary shareholders in equalizing dividends will be $2 a share.

Profits near 1937 Level

In spite of the lower prices which have prevailed during the current year, final results will compare favorably with those of the year 1937, according to Ross H. McMaster, president. In 1937 the company earned $8.10 a share on its ordinary stock.

According to Mr. McMaster, the demand for steel products since the outbreak of war has taxed the productive capacity of most departments of the company. Over the past three months shipments have exceeded any past record in both tonnage and value. Only a small proportion have any direct connection with the war effort. Deliveries have undoubtedly exceeded the rate of consumption by the ultimate users and future production will suffer accordingly unless tonnage for export or war needs becomes available.

Mr. McMaster states that in order to avoid inflationary influences, prices of the major tonnage lines have been maintained at pre-war levels in the knowledge that an upward spiral of advancing costs and prices would intensify and prolong the inevitable period of readjustment at the close of the war. Although there have been advances in prices of materials and supplies, this sales policy will be continued until higher costs compel a change.

New Open-hearth Furnaces

To provide additional steel ingot capacity in anticipation of the demand for war purposes, Steel Company of Canada started the construction of a new 150-ton open hearth furnace in September. It will be ready to operate at the turn of the year.

Subject to confirmation by the shareholders, directors have authorized, out of the profits of the year, the transfer of $300,000 to the reserve in support of the company's pension plan for employees. This is an increase of 100,000 over the amount provided in 1938, but is the same as was provided in 1937.

Ottawa Car Will Build

Declare Initial Dividend of 40 Cents a Share on New Common

From Our Own Correspondent

MONTREAL. — Ottawa Car and Aircraft Ltd., formerly Ottawa Car Mfg. Co., will build a plane assembly plant at the Ottawa airport, according to Redmond Quain, president. Construction will commence immediately on unit of 10,000 to 15,000 sq. ft. of floor space. Other units will be constructed if justified by orders.

Mr. Quain has indicated the expansion will be financed through the sale of additional common stock. At the present time the company has outstanding 58,895 shares of a total authorized capital of 150,000 shares.

Declare Initial Dividend

Ottawa Car has declared an initial dividend of 40 cents a share on its new common shares, payable Dec. 30 to shareholders of record Dec. 29.

In September of this year the common shares of the company were split on the basis of five new shares for each old share. On the old shares the company paid dividends of $4 a share in 1938 out of that year's earnings and $2 a share on May 1, 1939. Thus, dividends this year equal 1938 disbursements.

Acme Glove Declares Preferred Dividend

From Our Own Correspondent

MONTREAL.—A dividend of 3¼% on its 6½% preference stock has been declared by Acme Glove Works, payable Jan. 2 to shareholders of record Dec. 20.

Quarterly dividends on the preference stock were suspended by the company following the payment made on Jan. 3, 1939. At that time, it was stated, directors felt that until business conditions showed some improvement the working capital of the company should be applied to betterment of its manufacturing operations and marketing facilities.

Declaration of the 3¼% dividend can be taken as an indication of improvement in the company's business. Following the payment of 3¼% on Jan. 2 the arrears of dividends on the preference stock will amount to $3.25 a share.

Dominion Oilcloth Pays Extra Dividend

From Our Own Correspondent

MONTREAL.—Dominion Oilcloth and Linoleum Co. had declared a quarterly dividend of 30c. a share plus an extra of 10c. a share, payable Jan. 31, to shareholders of record Jan. 15. These payments are for the first quarter of the current fiscal year which ends Oct. 31 next.

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Investing in Wartime

Stresses 1914-1939 Differences

Changes in Economy and War Methods Influence Policy

Among the many entries received in the "Investing in Wartime" contest were many which possessed features of unusual interest but did not receive prizes. Certain of these are being published, among which is included the accompanying article.

Hugh B. McKibbon, Toronto, has been connected for some time with an investment counsel organization.

By HUGH B. McKIBBON

In the formulation of an investment portfolio, considerable information relating to the personal affairs of the client must be in the hands of the investment counsellor. The portfolio suggested in this article, therefore, is compiled after assuming two conditions not mentioned in the provisions.

At the present time no investment can be called permanent. The old style of purchasing securities to be placed in the safety deposit box and forgotten has passed away. Every investment must be watched carefully, both as an individual security and as a representative of an industry. It is, then, the first condition that the client, upon purchasing this suggested portfolio, must be willing to spend the time to carefully manage the portfolio or else retain the services of a competent investment counsellor.

The second condition is that the client must be properly protected by life insurance, both personal and business. His dependents must be guarded against a cessation of income which would follow a prolonged illness or death.

Previous War Experience

In commencing to arrange a portfolio at the present time the most potent factor to take into consideration is the war. In an effort to protect capital it is reasonable that one should review the period of the 1914-18 Great War as a guide to what might be expected in the present situation, although realizing at the same time that conditions are in many respects quite different and that the previous pattern probably will not be followed closely in each case.

Following the declaration of war in August, 1914, the principal stock exchanges on this continent were closed and opened only in the latter part of the year. Although market prices were then pegged, the condition of the market showed that in all cases securities had sold off, some drastically and some to only a slight extent. This problem, at the offset, has been eliminated in this situation chiefly due to the fact that business and financial markets had plenty of time for preparation to absorb the shock as compared with no ample warning at the outbreak of hostilities in 1914.

Great War Record

From January, 1915, to July, 1916, all classes of securities rose to comparatively high levels which, based on the values of July, 1914, as 100, were approximately as follows:

Steels	230
Golds	210
Base metals	175
Food & milling	140
Textiles	130
Newsprints	110
Utilities	100

With two exceptions these levels marked the upward limit of market prices and any industry which could be affected by the scarcity and high cost of labor found its profit margin being squeezed. So much so that by July, 1918, the picture had changed to show the following standing:

Steels	155
Golds	99
Base metals	104
Food & milling	178
Textiles	159
Newsprints	97
Utilities	89

It will be seen that the textile and the food and milling industries were the exceptions that continued to advance against the trend. Utilities had the poorest record for the entire period, while golds and newsprints, which were at that time relatively new to the markets and limited in number, suffered next. In addition to labor trouble, golds were further hampered by the fixed price of gold. Although little change is expected in regard to the utility and gold stocks, the anticipated movements of newsprints are much more hopeful and, on account of this improved outlook, are not eliminated from this portfolio.

The above record shows clearly that the equities of certain selected industries were profitable to the holders. On the other hand the holders of government bonds had an unfortunate experience. Government bonds were selling, on the basis of yield, at levels approximately 25% lower at the end of the war than they were at the beginning. This was due to the fact that wars are normally financed on borrowed money and, in order to make war loans attractive to the public, interest rates rise to high levels. The effect, naturally, was a reduced value of pre-war bonds.

Conditions Favorable

Conditions in Canada are at present much more favorable to equities than they were in 1914. The following is a brief summary of the reasons:

1. Industrial production and business activity are in and have been in a recovery trend for over a year. At the outbreak of the war in 1914, business had been in a steady decline for 18 months.

2. The North American continent in 1914 consisted of debtor countries. Today it is the world's financial refuge.

3. Banking reserves are at an all-time high peak, credit is abundant and cheap and securities are preponderantly in strong hands, minimizing the possibility of panicky liquidation.

4. At the outbreak of the last war no precedent had been established which would indicate that Canadian industry would boom as a result of supplying the world's needs. Today, on the other hand, knowledge of this country's position as a major source of both raw and manufactured materials is well known.

Based on this reasoning, then, it would appear to be the obvious thing to invest only in equities. This, it is true, would be fine if the war continued indefinitely and inflation of some type crept into the picture, but in the event of an early peace, what then? If it is necessary in peacetime to hedge against war, it is equally as important that in wartime one must hedge against peace. Therefore it then becomes a problem to balance the portfolio so that you have securities of industries which will be stimulated by war's demands and yet have a fair proportion of your funds in securities which will act as a stabilizer in case of peace. Then, carrying the idea one step further, if it is possible to obtain securities which are in themselves stable and that have, in addition, features which would allow them to participate in wartime profits, the problem is much nearer a solution.

Equities Predominate

Bearing the above arguments in mind, the composition of the portfolio can then be started. The ideal portfolio should contain approximately 50% of stable securities, that is bonds and preferred stocks, but, in order to gear the list to present conditions, a slightly different treatment is given this section. Short term Dominion bonds are included only to the extent of 10%—a proportion which would be greatly increased under more peaceful conditions.

Approximately 15% invested in corporation bonds in companies favorably situated for war purposes and, in addition, all the bonds are convertible into junior securities of each company. In this way, although bonds are actually held in the portfolio, for all practical purposes these represent equities and will enhance in value in proportion to any increase in the junior stocks represented.

In a similar manner the preferred section of the portfolio is compiled. Approximately 20% is invested in preferred stocks of companies whose outlook is most promising, and each security is of a participating nature. All these stocks have preference over the common stocks of each company and, in addition, they participate in earnings after certain payments have been made to the holders of the common stocks. In two cases preferred dividends are in arrears; it is felt that payments will be resumed shortly in both cases and, when the arrears are paid off, the book cost of the shares will be materially reduced.

Approximately 55% of the funds remain to be placed in the most attractive common stocks. Some 45% is used to cover the industrial field and 10% to cover base metals. Care is used to invest only in companies whose earnings positions are strong and to this latter section must be left the responsibility for showing the greatest increase in capital and also increases in income which probably will follow more favorable business conditions.

Summarizing the portfolio, it is seen that bonds comprise 25%, preferred stock 20% and common stock 55%. In effect, however, fixed income securities comprise only 10% and the remaining 90% represent equities.

Undoubtedly the steel industry will show the greatest gains in business during the period of hostilities and, with a view to the behaviour of the steel stocks during the previous war, that industry is allowed the largest participation in the portfolio at 18.61%. The food and milling industry, which showed the best record in the 1914-18, is accorded the second most important place with 15.74%, while the equipment issues, closely affiliated with steel production, has 11.11%. Oils, newsprints and base metals each have a representation of approximately 10%, while textiles, motors and general business each have about 5% of the total fund.

The entire list is compiled with the idea of compactness. Twenty-one securities have been selected, sufficient to allow participation in the most important of Canadian companies and yet a small enough group to be easily managed. Over 50% of the securities are either the senior or the only issued security of the company, while over 50% represent major Canadian corporations. The amounts of each security assure comparative safety in marketing when necessary and all securities enjoy good marketability, being quoted daily on the exchanges. The list contains no securities domiciled outside of Canada—the reason for this action being the present difficulty in trading foreign securities and also to avoid trouble on account of succession duties in the event of the death of the client.

Although the yield is not important in this case, the portfolio outlined here returns the client approximately 3.66%. Over the course of the next year or so this yield will undoubtedly show some improvement, but, in the interest of safety of capital, it is well to forego excessive income in order to attain a well-diversified list compiled primarily for capital appreciation.

Favors Common Stocks

	Approximate Price	Approximate Amount	Annual Income Rate	Bid Price Dec. 23
Bonds (Government)				
$	Oct. 17	$	$	
5,000 Dom. of Canada, 4% '43-5	104	5,200.00	200.00	104½
Bonds (Corporation)				
2,500 Canadian Canners, 4% '51	101½	2,537.50	100.00	101
2,500 Dom. Steel & Coal, 6¼% '55	114	2,850.00	156.25	108
2,500 Price Bros. & Co., 4% '57	103	2,575.00	100.00	103
		7,962.50	356.25	
Preferred Stocks				Price Dec. 23
Shares				
50 Canada Bread B, $2.50	55	2,750.00	125.00	57
100 Candn. Car & Fdry., $1.75	29	2,900.00	...*	26¾
100 Gt. Lakes Paper A, $2.00	25	2,500.00	...†	29½
25 Steel Co. of Canada, $1.75	83	2,075.00	43.75	81
		10,225.00	168.75	
Common Stock (Industrial)				
100 British American Oil	23	2,300.00	100.00	23½
50 Dominion Bridge	45	2,250.00	60.00	40¼
25 Dominion Textile	90	2,250.00	125.00	88¼
100 Ford Motor of Canada A	24	2,400.00	100.00	22
100 Inter. Petroleum	28	2,800.00	200.00	23½
50 Moore Corporation	45	2,250.00	100.00	44⅞
75 Ogilvie Flour Mills	35	2,625.00	75.00	33¼
25 Page-Hersey Tubes	107	2,675.00	100.00	110
25 Steel Co. of Canada	87	2,175.00	43.75	85½
		21,725.00	903.75	
Common Stock (Mining)				
25 Cons. Mining & Smelt.	51	1,350.00	37.50	47½
50 Hudson Bay Mining	33	1,650.00	75.00	31½
25 International Nickel	49	1,225.00	50.00	45
10 Noranda Mines	75	750.00	40.00	76¾
		4,975.00	202.50	
		50,087.50	1,831.25	

* Dividends in arrears total $7.38 per share.
† Dividends in arrears total $7.50 per share.
Note—Prices taken at close of market on Oct. 17, 1939; current prices added to bring figures up to date.

Percentage Analysis

	Bonds %	Preferred Stock %	Common Stock %	Total %
Government bonds	10.4	..	..	10.4
Steel	5.7	4.2	8.8	18.7
Food and milling	5.1	5.5	5.3	15.9
Equipment	..	5.8	5.3	11.1
Oil (prod. & dist.)	..	..	10.2	10.2
Newsprint	5.1	5.0	..	10.1
Base metals	..	..	9.8	9.8
Motors	..	..	4.8	4.8
Textiles	..	..	4.5	4.5
General business	..	..	4.5	4.5
	26.3	20.5	53.2	100.0

Quotations in portfolio submitted Oct. 17, approximate current prices inserted in last column for purposes of comparison.

Company Reports

Distillers Corp.-Seagrams

Distillers Corporation - Seagrams Ltd. reports a sharp increase in its consolidated gross net income for the quarter ending Oct. 31, 1939. Net sales at nearly $25.5 millions represent an increase of nearly 25% over that for the like period of 1938. After providing for all senior charges, including taxes, net profit of $3,447,902 compared with $1,458,254 a year ago. Earnings of the common stock amounted to $1.86 as against 72 cents.

An important item in the returns for the past quarter is that they are reported in American funds. Net profit would be increased approximately $400,000 if expressed in Canadian funds on Oct. 31, 1939, the company states.

Following is the capacity and consolidated statement of profit and loss:

Consol. Income and Surplus Account
Three Months Ended Oct. 31

	1939	1938
	$	$
Sales (net)	25,475,083	19,999,017
Less: Cost of goods	16,979,761	13,630,982
Gross profit	8,495,322	6,368,035
Add: Misc. income	32,829	37,467
Total income	8,528,151	6,405,502
Less: Directors' fees	225	250
Exec. salaries	82,375	88,904
Legal fees	44,843	53,558
Sell., gen. & adm. exps.	3,760,286	4,025,449
Prov. for deprec.*	40,803	51,712
Interest (net)	58,391	105,669
Prov. for taxes	1,033,015	578,409
Loss on assets	60,311	43,297
Net profit	3,447,902	1,458,254
Less: Pref. divds.	205,125	208,750
Common divds.	784,190	871,322
Surplus for period	2,458,587	378,182
Add: Prev. surplus	28,367,383	26,561,390
Less: Pref. stk. red.	105,000	535,500
Balance forward	30,720,970	26,404,072
*In addition depr. chgd. to prod. costs	240,249	221,808
Earns. per Share:		
Preferred: Earned	$21.01	$8.60
Paid	1.25	1.25
Common: Earned	1.86	0.72
Paid	0.50	0.50
Shares Outstanding:		
Preferred	164,100	169,600
Common	1,742,645	1,742,645

Waterloo Manufacturing

Annual report of Waterloo Manufacturing Co. for 1938 does not reflect the reorganization of last February whereby the accumulated deficit was written off against capital and bank loans reduced.

A. T. Thom, president, states that sales were higher in 1938. It is said that "until some improvement is in evidence your directors will continue a conservative sales policy."

Consol. Income and Deficit Account
Years Ended Dec. 31

	1938	1937
	$	$
Operating loss	22,240	23,890
Add: Exec. salaries	16,185	16,025
Legal fees	2,065	2,101
Net oper. loss	40,490	42,016
Add: Deprec. on autos.	3,255	2,764
Res. for bad debts	19,047	38,084
Deficit for year	62,792	82,864
Add: Prev. deficit	1,596,611	1,075,328
Inv. Sunshine-Waterloo w/o	......	250,000
Def. charges w/o	......	138,419
Prov. for conting.	......	50,000
Deficit forward	1,659,403	1,596,611

Working Capital

	†Dec. 31 1938	Dec. 31 1938
	$	$
Current assets	1,031,348	1,031,348
Current liabilities	906,344	1,176,344
Working capital	125,004	*144,996

*Excess of current liabilities. †From pro forma balance sheet giving effect to 1939 reorganization.

National Light

Earnings of National Light and Power Co. in the 10 months ended Oct. 31 increased over the corresponding period in 1938. Net profit, before income taxes, amortization expenses, etc., increased to $96,330 for the 10 months from $81,679.

Earnings Statement
10 Months Ended Oct. 31

	1939	1938
	$	$
Oper. earnings	487,628	449,986
Less: Oper. exp.	214,007	200,141
Net oper. rev.	273,621	249,845
Add: Misc. rev.	7,149	5,192
Net earnings	280,770	255,037
Less: Depreciation	75,166	70,080
Bond interest	109,274	103,278
Net profit*	96,330	81,679
*Before income taxes, amortization expenses and other interest, etc.		
Times Bond Int. Earned:		
Before depreciation	2.57	2.47
After depreciation	1.88	1.79
Output in kw.h.	24,372,331	21,413,518

Muirheads

Sales and earnings of Muirheads Cafeterias Ltd. in the year ended Feb. 28, 1939, declined from the previous fiscal year. Sales were down 9% and net loss increased to $16,358 from $14,212 in the preceding year. No depreciation was allowed in either year.

No dividends have been paid on the 7½% preference stock, of $10 par value, and arrears at Nov. 1 amounted to $5.50 a share. There were 320 preference shares redeemed during the year, leaving outstanding preference at 4,802 shares.

Balance sheet at Feb. 28 shows reduction of bonds and stocks held by the company to $19,420 from $38,752.

Income and Deficit Account
Years Ended Feb. 28

	1939	1938
	$	$
Sales	310,949	337,684
Less: Cost of sales	327,307	351,896
Net loss	16,358	14,212
Add: Prev. deficit	79,494	65,817
Reval. of secs.	1,598	......
Misc. adjusts.	......	271
Less: Profit on secs.	662	806
Misc. adjusts.	544	......
Deficit forward	96,246	79,494

Working Capital

	1939	1938
	$	$
Current assets	37,556	55,538
Current liabilities	18,608	18,564
Working capital	18,948	36,974

New England Power Earnings Increase

From Our Own Correspondent

MONTREAL. — New England Power Association, subsidiary of International Hydro-Electric System which in turn controls Gatineau Power Co., had gross earnings of $41,711,599 for the nine months ended Sept. 30, 1939. This compares with $38,906,713 in the same period of 1938.

Net profit available for dividends was $3,482,950, compared with $2,629,219 in the first nine months of 1938.

Earnings in net profits in the 1938 period were affected by the hurricane which devastated New England in the latter part of September.

Building Outlook For 1940 Clouded

Industry Enters New Year With Trend of Activity Declining As Result of War — Prospects Slim For Recovery of Better Volume

By GUY S. CUNLIFFE
Staff Writer, The Financial Post

Construction in Canada is trailing into 1940 in the grip of a declining trend. There is little current prospect that this trend will be halted, much less reversed, before the end of next year.

Apart from the hope of considerable industrial construction for war purposes, the general construction outlook offers little encouragement of satisfactory volume. Reasons are not entirely lacking to hope for improvement in the course of 1940, but predominating factors point to marked curtailment of activity. Basic conditions prevailing at the start of the war justify hope that the slump in building activity will not be as sharp this year as in 1915, first full year of the last war, but a distinct falling off in operations seems inevitable.

A modest but encouraging gain of 6% was achieved by construction volume up to the end of August. This has been sharply cut, if not converted into a decrease for the year as a whole. Final figures on construction contracts awarded for the whole of 1939 were not available this week. But the 11-month total at the end of November, the trend established during the past three months, and the volume of December building in recent years, indicate a 12-month total for this year in the neighborhood of $193 millions, possibly less.

May be Under 1938.

This would leave 1939 construction volume only 3% above 1938. If the curb on building indicated by November figures is tightened in December returns, the grand total for the year may be below last year's level.

However, reports of construction activity in the past three weeks and the returns for November, suggest that building of military structures and industrial extensions may partly offset expected drops in residential, business and engineering construction. Gain in industrial building limited the decline in all building to 15% in November, and kept the 11-month cumulative slightly above 1938.

Volume for 1939 that is little or no better than 1938 leaves much to be desired. This means two years running that level of operations has been below the encouraging recovery shown in 1937. And even that year's contract total was substantially below what the industry regards as normal volume.

Decline Probable

There are few signs that next year's activity will hold up to the 1938-39 level, and the probabilities are for a decline. The Empire air training scheme will require considerable construction of hangars, machine shops, training structures, barracks, etc. Industrial construction should make a good showing, especially if war orders in any volume are placed. But present signs are that residential, business and engineering construction will continue below 1938 levels, as they have in the past several months.

Up to the outbreak of war, residential construction was showing great activity, and running 30% ahead of 1938. But by November, the monthly figure showed a decline of 7%, and the cumulative gain had been cut to 21%. The stimulus given by the National Housing Act and by the demand for new dwellings, proved insufficient to offset the effect of war uncertainties, and diversion of building funds to other investment channels.

N. H. A. Restriction

In 1940, encouragement of Housing Act financial aid to residential building will be restricted to loans of not more than $4,000 on single family dwellings. Loans will not be made for apartments or other multiple family dwellings or for single dwellings in the higher cost brackets.

In regard to engineering construction, the prospect is that activity will be at a low level because of restriction of highway, bridge and related types of construction. There are no present indications of any early revival in the business construction group, which includes commercial, public and semi-public buildings.

Urban Trend

The trend shown by figures on construction contracts awarded for Canada as a whole, is confirmed by the reaction of urban building during the past three months. The D.B.S. reports on building permits issued in 58 Canadian cities, have reflected a slowing of pace. In November, the total dropped 12% below the same month in 1938, and the figure for 11 months showed a decline of 6.5%.

Unless residential building should show an unexpected recovery during 1940, it is likely building totals will compare with 1939 even less favorably than the contract figures for both rural and urban areas. For one thing, much of the industrial building that will bolster the contract figures will be carried out in districts not covered by the building permit reports.

Recent hopes in the construction industry that the revived St. Lawrence waterway scheme might give impetus to the industry in 1940, are not likely to be realized. Even if the projected new treaty were to be signed and ratified in both Canada and the U. S. early in 1940, the task of completing surveys and drafting construction plans would probably run into 1941.

New Building

Canadian Greyhound Lines Ltd. has awarded contract for $200,000 motor coach terminal to Dinsmore-McIntire Ltd. Structure was designed by Sheppard & Masson, architects.

B. F. Goodrich Rubber Co. of Canada has launched construction of $85,000 addition and improvement of plant at Kitchener, Ont.

John Bertram & Sons Co., Dundas, Ont., has awarded contract for construction of a substantial addition to its plant.

A. Weller & Co., Toronto contracting firm, is seeking amendment of city residential zoning by-laws to permit erection of proposed $750,000 apartment house, containing 130 suites and 100-car garage. Name of owner or sponsor of project, site for which is in north-central section of the city, is being withheld.

Canadian National Railways is reportedly considering construction of $500,000 erection plant at its shops at Moncton.

Reported by Engineering & Contract Record:

Dominion Dept. of Public Works has completed the first unit (bag storage building) of the $2 millions delivery-distribution extension of the main postal terminal at Toronto.

Great Lakes Lumber Co. plans to go ahead through the winter and spring months with construction of $100,000 sawmill and planing mill at Fort William. Agreement between the company and the city covering the project was recently authorized by the ratepayers.

Y.M.C.A. of Sydney, N.S., has awarded contract for construction of $75,000 building there.

Timmins Press Ltd. and **Northern Broadcasting Co.** have awarded superstructure contract for rebuilding of business block in Timmins, at estimated cost of $75,000.

Y.M.C.A. of Vancouver is planning to start construction early in 1940 of a new headquarters building estimated to cost $200,000. It will be an L-shaped building, four stories in height, with swimming pool and other facilities for recreation.

Provincial Transport Ltd. is erecting $30,000 sub-terminal for buses on Demontigny St. East, Montreal.

Aluminum Co. of Canada has started excavation work for new building at Arvida, Que., plant, to cost between $150,000 and $200,000.

Burlington Steel Co. reinforcing steel will be used in new mill being constructed for Faymar Porcupine Gold Mines, at cost of $325,000.

Montreal Urges C. B. C. Project

From Our Own Correspondent

OTTAWA. — When it was announced last September that the $1.8 million to be spent on new studios for the C.B.C., in Toronto and Montreal, was to be deferred as a measure of wartime economy, Ottawa reckoned without the City of Montreal. Montreal is pressing vigorously to have the studios in that city completed without delay. This Montreal job would cost about $1 million or a little more than half of the total to be spent.

So far the Government has not weakened, despite very strong political pressure (well represented in the cabinet). The prevailing view is that this lobby will fail. In the meantime, however, the drafting of the plans for the Montreal work goes on, and Montreal claims an agreement with the C.B.C. requiring work to start by May.

Year-end Brings Decline In Urban Building Total

Declining volume of construction generally throughout Canada continued to prevail in the urban building field during November, it is shown by latest bulletin of the Dominion Bureau of Statistics on building permit values in 58 Canadian cities.

The November permit total of $4,148,889 reflects a drop of nearly 12% under the same month in 1938, and under October of this year. The cumulative total for the first 11 months of 1939 is $53,688,802, approximately 6.5% under the January-November period last year.

The provincial totals for November all showed declines compared with November, 1938, with exception of those for New Brunswick and Alberta. Largest decreases were those of 82% and 16% for Nova Scotia and Quebec respectively. November figures for Montreal, Toronto, Winnipeg and Vancouver all showed declines.

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Annuity Prices Said too Low

Canadian System Given Critical Appraisal at New York Meeting

Critical appraisal of Canadian Government sale of annuities was given at the annual meeting of the Association of Life Insurance Presidents in New York last week, by R. D. Murphy, president of the Actuarial Society of America and vice-president and actuary of the Equitable Life Assurance Society of the United States.

He noted that under the system in force in Canada, losses have been borne by the Government for years. Even though the expenses of sale and administration of the business are not borne by the annuity fund, it has been necessary to transfer considerable amounts each year from the consolidated fund to maintain reserve. This he ascribed to the fact that the rates are based on an interest yield of 4% which is out of line with current conditions.

He stated further that it was doubtful if the plan had achieved its original purpose of obviating old age pension legislation, as all provinces in Canada now provide old age pensions. Moreover, he pointed out, a much larger proportion than was intended is sold to well-to-do or wealthy people.

The experience of the British Government, he said, indicated the need of increasing the price at which Government annuities are sold, owing to progressive increase in longevity. British rates, he stated, also vary with the interest yield on outstanding government debt.

C.S.L. to Keep Vessels For Atlantic in Reserve

From Our Own Correspondent

MONTREAL.—Canada Steamship Lines will keep eight freighters on the Atlantic coast during the winter in readiness for possible wartime service as transatlantic steamships, according to an official announcement. The vessels are being laid up on the eastern seaboard at the request of the British Ministry of Shipping, which had asked the line if it could spare any ships.

The freighters are of the lower canal type, built to navigate the St. Lawrence Canals above Montreal. Ships of this type are 250 ft. long.

Western Steel Elects Hutchins President

G. W. Hutchins, Winnipeg, has been elected president of Western Steel Products Corp. to succeed the late James A. Richardson. Mr. Hutchins has been a vice-president and director of the company. The vacancy on the board of directors has not yet been filled.

Provincial Bank Position Better

Minor Gain in Earnings Shown — Assets Near $65 Millions

From Our Own Correspondent

MONTREAL.—Provincial Bank of Canada statement for the year ended Nov. 30 shows a slightly higher profit while assets at $64.8 millions are the highest reported by the bank.

Net profits for the year, after providing for the usual deductions, were $457,173 as compared with $450,428 the preceding year. After dividends, taxes, depreciation on buildings, transferring $50,000 to contingent fund a balance of $247,908 was carried forward, as against $241,035 a year ago.

Balance Sheet Changes

The balance sheet shows total deposits at Nov. 30 of $56.8 millions, an increase of about $7.5 millions a substantial proportion of which represents Government and municipal funds.

Total investments and securities of $32.5 millions shows an increase of about $6 millions. Holdings of short-term government securities increased about $5.4 millions and Canadian municipal securities $2.8 millions. Long-term government securities decreased by about $1.5 million.

Call and demand loans are lower than a year ago by close to $1 million, while cash on hand shows an increase.

Comparative figures on the income account and highlights of the balance sheet follow:

Income and Surplus Account
Years Ended Nov. 30

	1939	1938
	$	$
Profits for year	457,173	450,428
Less: Dividends	240,000	240,000
Taxes	110,300	102,300
W/o real estate	50,000	50,000
Contingencies	50,000	50,000
Add: Prev. surplus	241,035	232,907
Surplus forward	247,908	241,035

Balance Sheet Charges

	1939	1938
	$	$
Deposits, int.-bearing	40,259,121	40,708,698
Deposits, no interest	12,630,976	7,068,575
Due banks abroad	3,930,265	68,975
Short term invests.	12,727,821	7,348,708
Other govt. invests.	5,375,316	6,815,125
Can. munic. securities	12,696,407	9,869,694
Call & short loans	3,391,011	4,220,299
Loans & discounts	16,630,238	15,945,046

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Notice to Holders of Debentures of the

TOWNSHIP OF EAST YORK

The Plan for the Adjustment and Reorganization of Certain Debenture and Certain Other Indebtedness of the Township of East York, dated December 1st, 1939, was ratified by the Ontario Municipal Board on December 21st, 1939. Pursuant thereto notice of the following arrangements is hereby given.

1. The principal amount of those debentures of the Township that matured in 1933 and in 1934 prior to July 1st, will be payable in full in cash on the 28th day of December, 1939, together with such interest as is set out in the said Plan. Holders of debentures of the above maturities will receive such payment upon presenting their debentures together with all unpaid coupons, if any, thereto belonging, to the Pape and Gowan Avenue Branch, Toronto, Ontario, of the Bank of Nova Scotia. Debentures of these maturities will cease to bear interest from and after the date of presentation or January 9, 1940, whichever is the earlier date.

2. A notice will appear in this publication at a later date advising of the arrangements for the exchange of new debentures for those debentures that matured or mature on or after July 1st, 1934. It is expected that such exchange will take place on or about March 20th, 1940.

THE CORPORATION OF THE TOWNSHIP OF EAST YORK.
(Seal) By W. H. Heaton, Treasurer.

DAIRY PRODUCTS—an important war resource

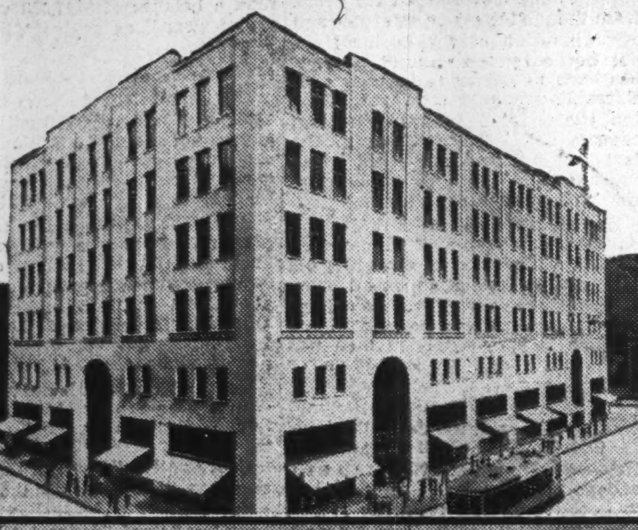
That being so, we intend to play our part in the Empire's cause by doing to the utmost of our ability the job for which we are best fitted. Our Motto —"Do Greater Things in Difficult Times."

Silverwood

Province-wide Distribution of Safeguarded Dairy Products

Simpson's for over 67 years A GOOD NEIGHBOR

TORONTO STORE



MONTREAL STORE

HALIFAX MAIL ORDER

TORONTO MAIL ORDER

REGINA MAIL ORDER

Shopping at Simpson's has been a "Family Affair" to Canadians for more than three generations. The store that began modestly in Muddy York in 1872 starts in 1940 along its 68th year of "good neighborly" service. At Christmas, 1939, the Simpson organization employed the largest number of people in its history.

EIGHTY-FIVE years ago a young Scotsman — Robert Simpson — apprenticed as a clerk in a dry goods store in Newmarket, Ont. He was 20 years of age. With zeal and skill he learned his trade; became part owner of the business. In 1872, while still in his thirties, he moved to Toronto and set up in business for himself.

The store he founded is now a great Canadian institution. Through 67 years of steady growth it has earned a national reputation as "good neighbor" to a steadily increasing number of Canadians.

Few of the tradesfolk who served the people of "Muddy York" in 1872 are now in business. Yet Robert Simpson achieved enduring success "by his industry and close application, and by a thorough knowledge of business and of the taste, fancy and requirements of the public." He built wisely and well. Today the name "Simpson's" is known to shoppers and craftsmen in all parts of Canada and throughout the world.

Merchandising Saga

The story of Simpson's growth is striking evidence of good neighborliness.

In 1872 a small dry goods store on muddy Yonge Street, just north of Queen.

By 1881 a much larger store, boasting 13 clerks, a horse and delivery van. There were also a large plate-glass front and "highly modern v-shaped entrance." Two years later, further expansion with dry goods supplemented by boots and shoes, graniteware, kitchen utensils, carpets, wallpaper and even jewellery. The successful sale of a bargain stock of raisins at seven cents a pound led to the first purchase of groceries—an order for $500 of canned goods. In 1885 came such innovations as the first telephone and the first restaurant. Served from polished tables were English crumpets and Scotch Dundee cake. Coffee was three cents a cup.

In 1894 a great seven-story building "finest of its kind in Canada," and the first to use all-steel construction, had been erected. Three months later it was completely destroyed by fire. Undaunted, Robert Simpson wasted no moments in idle grief. Within 10 months he was able to announce "Home Again — A National Event." It was the opening of a finer store than any previous structure. "In every detail, the most modern store in Canada, with its 35 departments, a well-organized mail order department and a lunchroom on the first floor."

Carrying on the Traditions

Robert Simpson lived a year longer, long enough, fortunately, to see the twenty-fifth anniversary of the founding of his business. As he had no sons, control was purchased by three leading citizens, H. H. Fudger, J. W. Flavelle and A. E. Ames. Carrying on the Simpson tradition, they soon found it necessary to build further additions to the Toronto store; to extend the organization to Montreal through purchase of the famous John Murphy enterprise, founded in that city in the year of Canada's Confederation; to establish buying offices in London, England, and in the important capitals of Europe, to meet the needs of a rapidly growing nation.

That tradition of growth, based on increasing public demand for Simpson's merchandise and services, has been continued through to the present day. Under the leadership of Charles L. Burton, who started work for Mr. Fudger as a $2-a-week message boy at 15 years of age, and who rose to be general manager, and more recently president, the store has seen its greatest growth and expansion.

Magnificent new buildings have been created in Toronto and Montreal with constant innovations which give leadership in merchandising trends and make the Simpson organization an increasingly "good neighbor." Active management of the Toronto store is now in the hands of Edgar G. Burton, who left university to enter merchandising and apprenticed himself as receiving room helper in a large Chicago department store. At 33 he had earned his merchandising spurs to become one of the top executives of an organization which now boasts some $40 millions of assets and has some 5,000 shareholders.

In this 1939 Christmas season more people than ever before patronized the Simpson organization. Some 150,000 customers visited the big Toronto store each day. Mail order business reached a new high peak in Simpson's history. Throughout its 63 acres of floor space, employment was given to more than 12,000 men and women.

Marvels of Merchandising

Most city folk take for granted the myriad facilities of the Simpson store in Toronto. Few pause to marvel at the rôle which modern merchandising plays in everyday life.

Torontonians, for instance, can shop at Simpson's by telephone as in very few places in the world. People from all parts of the continent come to study and copy this service, which handles not only thousands of calls each hour but which enables delivery to your home in the afternoon of goods purchased by telephone in the morning.

Simpson restaurants and catering departments are famous for their foods and cuisine. In 1939 they served over 3,000,000 persons; provided meals in one busy day for 25,000. Nearly 35,000 ate Arcadian food at teas, weddings, receptions, dances, anniversaries and house-warmings during the past year. Catering also to the "inner man" is the Simpson Food Market which gathers its merchandise from every corner of the earth and specializes today, as in the past, in its Simpson-blended teas and coffees.

Then there are the "stores," furnished rooms, apartments—all within the store itself. There are spacious rooms completely furnished to display fine furniture just as it will appear in your own home. There are sparkling, modern apartment suites replete with the world's newest, most up-to-date ideas adapted to Canadian requirements. Simpson's Basement Store, a "store within a store" offers a complete line of merchandise for thrifty shoppers at especially low prices.

To give space and opportunity for all these facilities has meant steady growth and improvement. Not long ago a garage was added for customer convenience. Another important innovation was the introduction of air-conditioning equipment on four selling floors of the Toronto store. Since the company erected its "new building" (nine stories high) at Toronto in 1929, scarcely a year has passed without some major extension or improvement at one or other of the Simpson properties.

Another fascinating story is the display and advertisement of Simpson merchandise. This Christmas, visitors and customers have been especially appreciative of the excellence of Simpson display windows and Christmas decorations. Responsibility for them rests with young men in their twenties and thirties who joined the Simpson "family" as youngsters. There are 4,500 windows a year to trim—many of them created in miniature in every last detail before being trimmed life size. Simpson's is also one of the largest users of newspaper and magazine space on the continent.

A Family Affair

But Simpson's today, as yesterday, is not so interested in facts and figures as it is in friendliness and in service, and in establishing intimate personal relationships between customers and employees and among employees themselves. True, Simpson's is today a great national institution. But the genius of this greatness is best measured by the ability of the organization and its employees to retain the intimate personal contacts and atmosphere, the courteous service and friendly approach which distinguished the merchandising policies of young Robert Simpson.

The youngest parcel boy is taught and trained in this tradition. Apart from girls who leave to be married, the turnover among employees is almost negligible. Even the personal note is injected wherever possible to the far-flung mail order business. Company files are heavy with the stories of customers whose friendship and business has been developed in this way.

Even in a big city like Toronto, sales clerks pride themselves on knowing an increasing number of customers personally—knowing their tastes, their habits. Simpson's drivers, who travelled a distance equal to more than half way round the world the day before Christmas, yet at no point were more than 45 miles from the Toronto store, are friendly and acquainted with the kiddies on every street. They can call most of them by their first name. More than a hundred of these men have been on the staff for 10 or more years. Many of them are veterans of 35 or more years standing.

Because so many Simpson employees "grow up" in the organization, all manner of recreational and social activities are carried on "within the family." There are men's and ladies' bowling leagues, with membership of many hundreds. Top-notch ladies' softball teams, a camera club, a riding club, a Y-200 Club for young men, a roller-skating club, as well as golf tournaments, hockey matches, tennis clubs and the like. If any group wishes to organize, the plan and programme must be spontaneous. There is always generous support if funds, equipment or advice is needed, but most of these undertakings like to run their own show are self-supporting.

The same is true of a wide variety of social services provided by the company. There is free medical and hospital service, but no employee is forced to participate. There is a non-contributory pension scheme, and a non-contributory sickness fund. There is a small loan fund to meet employees' financial emergencies; a profit-sharing plan in which $1.4 million is now invested.

In all, the Simpson aim is to remove any sense of insecurity, not only as regards steady employment, but also as regards sickness, old age and unforeseen emergencies.

How Mail Order Grew

And not only those who called at Robert Simpson's store were served with merchandise. Early in its history occasional letters were received enclosing orders from people living outside Toronto. They had heard of the high quality merchandise, the courteous, efficient service. Families which had moved from the city wanted to retain their connection with this friendly, reliable firm.

A small room, staffed by two people, was set aside to handle these letters. There was a lady to do the shopping for these out-of-town customers, a man to tie the parcels and ship them. Small lists were then sent to customers, present and prospective. From these grew more pretentious catalogues designed to meet the pioneer needs of a rapidly expanding province.

Here were the beginnings of a great mail order service which last week handled thousands of orders an hour, and which has almost a million customers; a service which so quickly outgrew the single room in the Yonge Street store that a new and separate building was acquired. For nearly a quarter of a century now separate mail order buildings in Toronto, Halifax and Regina have been necessary to meet the nation-wide needs of those unable to shop personally at Simpson's.

Meeting Canadian Needs

No great vision is needed to sense the place and importance of mail order in serving frontier and isolated communities. In serving this market, the mail order business by the quality, variety and freshness of its merchandise, has done more to raise the standard of living in rural Canada than any other single institution.

The Simpson organization is justly proud of the part it has played in meeting this responsibility. It is proud also of the economic contribution of the mail order business in reducing the cost of all merchandise by early placement of orders, enabling industry to distribute its overhead and iron out employment ups and downs.

But mail order in recent years has done more than that.

Because it is rooted in the needs and desires and in the convenience and economy of the Canadian people, it is finding a permanent and increasingly important place alongside the steadily growing buying power of both rural and urban communities.

The motor car, the highway, the airplane have increased rather than lessened the need and opportunity for mail order service. Consummate skill in the selection and presentation of merchandise; infinite care and patience in the preparation of catalogues; uncanny speed in the handling of orders, all play their part in meeting this new challenge.

For proof that the challenge is being met, glance through the pages of a Simpson mail order catalogue. Gone are jumbled, price-conscious pages. Instead, expert use of the newest arts of the photographer and the engraver give new zest and confidence to mail order shopping. Thus an ever-increasing range and variety of merchandise is brought intimately and instantly within reach of the farthest outpost. To watch a Simpson catalogue being created is like watching an architect erect a fine building.

Simpson's prides itself also in the fact that before noon its mail order service is shipping back to the post office completed orders received that morning.

For Your Convenience

And to supplement its mail order service and its retail stores at Toronto, Montreal, Regina and Halifax, Simpson's now operates more than eight-score order offices and selling agencies.

An order office represents a local Simpson service where orders for store or mail order merchandise can be placed by the customer direct. Simpson agencies (of which there are about 100) handle chiefly furniture and household appliances

Then, too, there is the famous "Shopping Service," now nearly 20 years old and which prides itself that whether you be bride, bachelor or new-born babe, your every wish and need in the more than 100 departments which comprise the great Simpson stores at Toronto, Montreal, Regina and Halifax, will be promptly and personally handled by competent, trained shoppers, many of whom have been serving Simpson "families" for many years.

This service, by the way, follows Simpson customers summer and winter; it caters to travelling or holiday-making customers whether they cruise the southern seas or the waters of the myriad summer resort lakes.

It's all part of being "good neighbor"—of making sure "you'll enjoy shopping at Simpson's."

There are two magnificent Simpson stores in Toronto and Montreal; mail order branches and retail stores at Regina and Halifax; an 11-story mail order building at Toronto and a chain of agencies and order offices, 55 of which are in the Maritimes, 71 in Ontario; 18 in Manitoba and 40 in Saskatchewan.

Though nearly all merchandise sold by Simpson's is bought within the Empire, there are buying offices at London, Paris, Brussels and Milan.

No. 17 in a series of studies in corporate citizenship appearing in The Financial Post through co-operation of leading Canadian business institutions.

Investing in Wartime (Pages 8-9)

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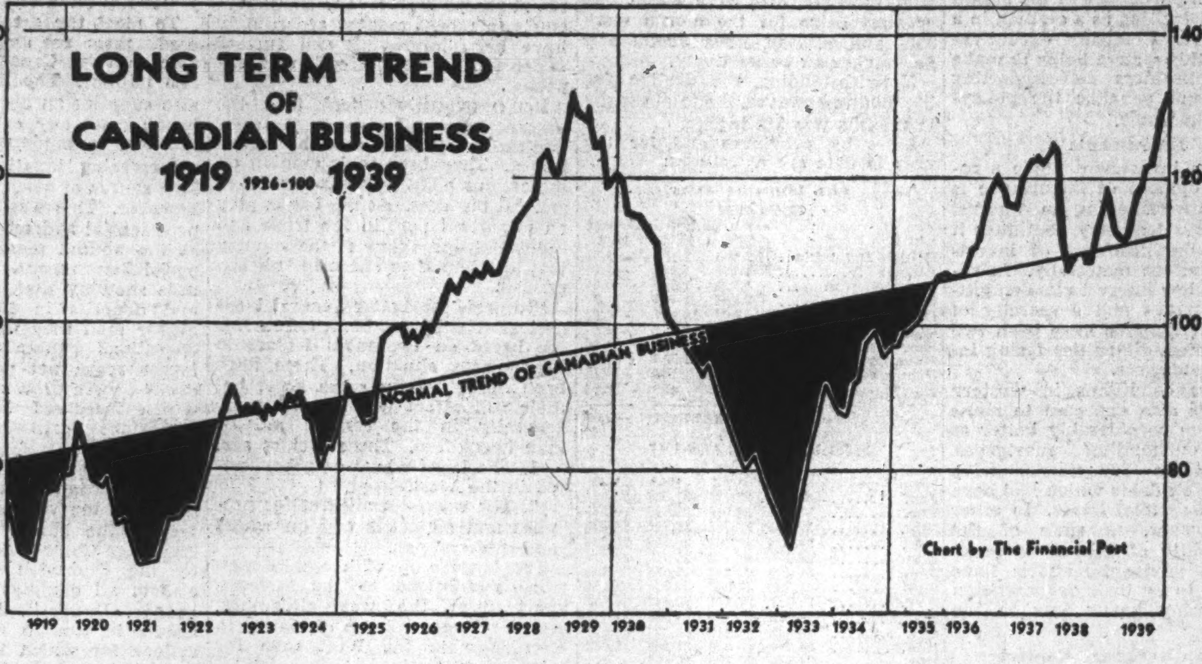
Bigger Payrolls Are Forecast For 1940



Expansion, with bigger payrolls, will be the keynote of Canadian business in 1940.

This is the general prediction of business, industrial and financial leaders whose views are presented on this and other pages of The Financial Post.

The upward curves of employment and volume of goods moving which have been a feature of most business indices since the middle of last summer, are expected to continue more steeply.

Existing plants supplying war materials will be enlarged and new ones built. Those catering to routine demands are expected to be operating at full capacity. Only those lines which have depended on raw materials or export markets cut off by the war are seen curtailing operations or switching to new activities.

On general expansion, barring unforeseen and drastic changes in the European situation, practically all Canadian leaders are agreed. They are also agreed, however, on less welcome repercussions from the changing over of Canada's economy from peace to war — more government regimentation, more government taxes.

On the ultimate effects of various government control measures now in force there is considerable anxiety among those who direct Canadian business and industry. And there is general fear that this official regimentation along with taxes will grow as the war goes on.

Dr. T. H. Hogg

Chairman, Hydro-Electric Commission of Ontario.

Hydro's estimates and plans for the coming year are dominated by the determination that ample supplies of power shall be available to enable Ontario to make its maximum contribution to the war efforts of Canada.

Up to the end of its fiscal year, Oct., 31, 1939, no appreciable increase in load was attributable to wartime demands. There had, however, been a substantial increase in load in the latter months of the year, so that by the close of the fiscal year the primary load for all co-operative systems and the Northern Ontario Properties, as measured by the October peak, reached 1,669,337 horsepower, a gain of 12.4% as compared with Oct., 1938. The total load has since reached an all time high of more than two million horsepower.

In the coming year, the Commission anticipates further substantial load increases—from increasing domestic, commercial and rural demands, and also from increasing industrial demands, accelerated by wartime needs.

Fortunately the Commission's present supplies of power are ample to maintain Ontario's industrial production at a much higher level should war demands increase, and plans are under way to provide further supplies for the future.

* * *

Wallace R. Campbell

President, Ford Motor Company of Canada.

Any analysis of the 1940 outlook for the Canadian automotive industry must be qualified by the many indeterminable factors resulting from the war. Indications in the domestic market point to an increased volume of truck sales because of the heavy movements of materials and goods. The passenger car market should be affected favorably by an increasing industrial activity which has returned many workers into gainful employment. Agriculture has benefitted generally by a good harvest with higher prices.

This betterment of both primary and secondary industry has helped to restore purchasing power in economic levels which have been out of the market in recent years. Evidence of this is shown in the used car field. In the central western provinces used car stocks are now at a minimum and in other sections dealers' stocks have been greatly reduced. This clears the way for improvement in new car transactions. Ford Motor Company of Canada expects a normal volume of sales in the Canadian market and like other Canadian industries is ready to assume additional responsibilities which may be placed on industry as the war progresses.

* * *

S. G. Blaylock

President, Consolidated Mining and Smelting Co.

The base metal industry can look forward to 1940 with fair assurance that plants will be run at full capacity for the duration of the war. A large proportion of output has been sold for prices which although low, comparatively speaking, will net a fair profit and enable the companies to pay fair wages.

As a matter of fact one might say that this industry has been virtually conscripted for war purposes and that this conscription has been accepted by the entire Empire industry. The savings made in the purchases of base metals will be a tremendous help to the prosecution of the war which is almost certain to develop into one of financial strength of the opposing sides, consequently everything possible should be done by all industries in the Empire to hold the cost of the war supplies at reasonable levels.

* * *

D. C. MacLachlan

President and General Manager, Maple Leaf Milling Co.

Since the outbreak of the war the serious problem of overproduction in the Canadian flour milling industry has been solved for a time at least by the additional volume of export business to the United Kingdom. Without the burden of unused capacity, unit costs have been reduced and the benefit affects the whole industry.

The changed circumstances since the outbreak of the war make it difficult to forecast the trend of earnings of Canadian milling companies for the remainder of the milling year. The favorable factor of an increased demand from overseas, coupled with the large wheat crop in western Canada which is being sold at world prices suggest another good year for the industry.

The industry in Canada is well organized to supply the volume of flour exports required by the Allies. The fact that since September this export flour has been sold at very reasonable prices indicates that the Canadian milling industry is making a real contribution to the Imperial war effort.

* * *

Harold Crabtree

President, Howard Smith Paper Mills.

In giving you my opinion on the outlook for 1940, my reference to pulp and paper does not include newsprint, but refers to other branches of the industry.

The outbreak of the war occasioned a very heavy increase in the demand for all grades. This has continued up to the present time and while there are likely to be some moderations in the demand for paper and paper products after the turn of the year, yet it is my opinion that on the whole the year 1940 for the industry bids fair of being a year of considerable activity, assuming the war continues throughout the year.

The Canadian industry is in a position to take care of whatever demand may be reasonably expected to be made upon it. The domestic demand will undoubtedly be better than under peace-time conditions, but this will obviously depend on the general level of business in Canada, as the year unfolds itself, while the demand from the export market will, in all likelihood, continue throughout 1940. Whether Canadian industry will be able to take advantage of this export demand or not depends on the availability of shipping.

* * *

Edward Anderson

President, Winnipeg Electric Co.

As far as I can see 1940 will be a year of war with all that that means in the way of human suffering and unprecedented crises. Canada, as a belligerent, will be moving rapidly into its position as the air training depot of the British Empire.

It will be appreciated that public utilities, such as electric, gas and street railway, will be confronted with increased costs due to the diversion of resources to war production and they will be unable to pass on these increased costs owing to their fixed tariffs. As to western Canada, however, the 1939 wheat crop has brought more money into the West than any crop since 1929, while increased production of our mines and manufactures owing to war will mean that business will revive somewhat. On the other hand, this will be partially offset by increased Dominion taxation.

I feel that the long term outlook for Canada's future is very bright. So far as 1940 is concerned, I think that business will be as good as 1939 and I should not be at all surprised to find it better.

* * *

Earl Spafford

President, Imperial Tobacco Co.

I have been asked to help The Financial Post "give business men a clearer vision of 1940."

This is a large order when one considers the international situation with all its crucial and dangerous implications staring us in the face. At the moment, judging by what we are allowed to read in the newspapers the war is becoming a more complicated affair every day. At least we are certain of one thing—every day that it is prolonged, we on this continent are drawn more closely and more deeply into the struggle, thereby affecting lives of individuals and affairs of business, and to such indeterminable extent that one person's guess as to the outlook for 1940 is as good as another's.

Dealing with the present in so far as our industry is concerned, I can say that retailers, wholesalers, leaf tobacco growers, and manufacturers experienced a satisfactory trade throughout 1939. Employment throughout manufacturing and leaf processing plants ran at a high level, approximately 12,000 persons being actively engaged in these operations.

The increase in cigarette and tobacco Excise Taxes in September necessitated a reduction of approximately 10 per cent in the contents of packages, with retail prices per unit remaining unchanged. What effect this will have on sales in 1940 remains to be seen but past experience has shown that higher duties slow down business. It is to be hoped, however, in view of increased employment and greater activity generally, that the present situation will prove an exception.

* * *

A. B. Wood

President, Sun Life Assurance Co.

Life insurance is singularly free from the immediate and disrupting effects of war. It has no factories which must be suddenly turned into production of war supplies; it does not trade in commodities which are rendered scarce or unobtainable.

Precautions, of course, have to be taken to protect the companies against the increased hazards of warfare. This has been done by the insertion of a "war clause" in all new policies issued in Canada and other countries that are at war. Policies issued prior to the war and new policies issued in neutral countries are unaffected. Apart from this change in practice, the character and scope of the operations of life insurance companies continue the same as in peace time.

The outbreak of war has served to emphasize the value of human life and the need for life insurance protection. The issue of new policies has already received a considerable impetus and it is a reasonable expectation that this trend will continue and perhaps become more pronounced in the new year.

* * *

C. L. Burton

President, Robt. Simpson Co.

Regarding the trade outlook for the new year, there are a number of factors which would seem to indicate that the upward trend experienced in the later months of 1939 should continue.

The increased crop yields throughout Canada, particularly in the West, combined with the increase in prices of farm commodities which has taken place since the beginning of the war, has made available to the rural population many millions of dollars of additional spending power.

Industrial activity in Canada, which has recently reached a new peak, should continue at high levels in the new year because of increased production of war materials and as well a resumption of consumer buying which since the early years of the depression has been retarded.

The indications are that the unemployment situation will continue to improve. The air-training plan is expected to employ nearly 40,000 men, excluding students. The continuous movement of men from a status of unemployment to employment will have a double effect on our economy in relieving the overhead burden and creating spending power.

The prospects for next year would be further enhanced if we could expect an increased influx of tourists from the United States. Europe is cut off to American tourist business for the duration of the war, and the discount on Canadian money should be an important inducement in attracting this traffic to Canada, but so far no adequate plans have been made public.

* * *

George S. Mathieson

Vice-president Norris Grain Co. President Winnipeg Grain Exchange.

He is a venturesome individual who would seriously attempt to forecast the future of the grain business in 1940. Nevertheless there are some encouraging features. The large purchases of Canadian wheat by the British Government agencies during the past few weeks at gradually advancing prices support the view that the supplies of wheat in Canada brought about by the carryover at August first last, supplemented by the second largest crop on record, are not now looked upon as a burdensome surplus but as a real reserve of which the Allied cause will receive the benefit. That the war is the reason for this change is, of course, deplorable, but there is hope that ultimately one result of the war will be a return to broader international trade on sounder economic lines than have prevailed for the past decade.

* * *

H. E. Sellers

President, Alberta Pacific Grain Co.

A more favorable outlook for agricultural prices is disclosed as the year 1940 appears on the horizon, following the most difficult decade in the history of western farming. Low prices, coupled with poor crops, have wiped away reserves and left the farmer with insufficient money to renew worn-out equipment.

The harvesting of western Canada's second largest wheat crop commenced last fall under most inauspicious circumstances. The world was again glutted with wheat and prices were below production costs. Recent months, however, have seen the second World War break out followed by drought in the United States wheat belt and unfavorable weather in the Argentine. Fall precipitation in western Canada has been below normal and only bountiful spring and summer rains will produce a normal crop. All this has combined to make Canada's surplus wheat a valuable war and economic asset rather than a burden.

The position taken by the Canadian Government early in the war in declining the request of the Allied authorities to fix a price for Canadian wheat has been justified by events. The open market has reflected the rapidly changing wheat picture and the enhanced price has already resulted in a saving of many millions of dollars to the Canadian treasury. The open market method of arriving at a price for wheat will, in the long run, prove more satisfactory to both buyer and seller than political bargaining.

Wheat is needed to win the war. To obtain the maximum supplies of wheat, buyers should be prepared to pay the Canadian farmer a price which will meet production costs plus an amount which will enable him to replace worn-out machinery and enable him to put by a reasonable reserve to meet periods of crop failure and low prices.

* * *

A. N. Mitchell

President, Canada Life Assurance Co.

Canadian business should continue to improve in 1940, if Canada's primary rôle in this war is to be that of supply. Employment under that condition should be improved and Canadians should be in a position to buy more goods and services—not the least of which is life insurance.

War very sharply focusses attention on the uncertainty of the future. Life insurance is the one form of saving which can modify that uncertainty by immediately providing the certainty of a measure of financial independence.

The experience of the last war was that the purchase of life insurance lessened somewhat during the early stages. However, after the initial shock was passed and when the necessity for protection received the emphasis which war naturally gave, the sales mounted steadily and rapidly. It is natural to anticipate that the present war will produce a similar pattern of events.

* * *

S. J. Hungerford

Chairman and President, Canadian National Railways, and President, Trans-Canada Air Lines.

The outlook for 1940 is largely influenced by war conditions. The traffic increases which have so far taken place may be expected to continue. This is likely to be true not only as regards the traffic particularly related to the war, but also as regards the industrial activity of the country. Railway operating revenues for 1940 are, therefore, likely to be substantially increased over the earnings of 1939 with consequent improvement in financial results.

* * *

D. H. McDougall

President, English Electric Co.

This company's future is bound up in general Canadian prosperity. We manufacture heavy electrical apparatus such as motors, transformers, generators and switchgear. We depend for our market, in a large measure, on expansion of manufacturing and increase in mining, and other industries using electric power.

Our outlook for 1940 business is good as we will enter the New Year with probably the largest amount of unfilled orders, or backlog, in our history.

If the tax burden, imposed of necessity by the war, is offset by orders for munitions, the expansion of business should be abnormal in 1940.

In regard to the post-war outlook, we believe that Canada should be placed in a position to secure additional world trade should Germany lose prestige because of her lack of respect for her treaties or other obligations.

To enable Canada to compete in these world markets, the cost of Government will have to be materially decreased and the enormous railway deficits eliminated, both of which could be accomplished by non-partisan businessmen or statesmen unhampered by political ties.

* * *

H. J. Carmichael

Vice-President and Gen. Manager, General Motors of Canada.

There seems to be general agreement that 1940 will be a year of great opportunity for Canada, notwithstanding the fact that we are at war. Natural recovery was already on its way in 1939, and although certain exports are now restricted, this loss should be more than offset, to the country as a whole, by the impetus of orders for war materials. There are innumerable articles that have been imported from war-torn Europe because Canadian manufacturers could not compete. This market has been reopened to the Canadian manufacturers due to transportation costs and difficulties on shipments from countries that are now our enemies. It is inevitable that Canadian industries will benefit as many of them will undoubtedly grasp the opportunity to explore and develop this trade as it becomes available. Obviously, all these factors result in greater employment, thus increasing the demand at home for all products, both natural and manufactured. The automobile industry, judging by indications of demand for 1940 models, will enjoy considerably increased volume over the 1939 models.

* * *

Robert J. Magor

Chairman and President, National Steel Car Corp.

I have not got the faintest idea what the trend of business will be in our particular lines, which consist primarily in building railway equipment and newly acquired adjuncts of manufacturing airplanes and producing shells.

All I feel very strongly about is that Canadian commerce, industry and government should combine their efforts in studying all phases of our economic life, correct the evils and inefficiencies and put into practice soundest possible policies, so that whatever the future may have in store for us, we will be ready to grapple successfully with every problem which comes up, and thereby contribute materially to placing Canada in the favored position which, by virtue of the resources and privileges with which Providence has endowed us, she should occupy.

* * *

Col. Henry Cockshutt

Chairman, Cockshutt Plow Co.

Careful appraisal of the prospect for agricultural implement business during 1940 reveals several factors which justify the expectation of larger farm equipment sales this coming year. First is the increased value of western field crops, concentrated almost entirely in Saskatchewan, where additional purchasing power in excess of $60 millions has come to a section of the country in which the backlog of unfilled requirements is the greatest. The beneficial effect of this should be enhanced by indications of a reduction in the world's wheat surplus owing to current unfavorable growing conditions in several important producing countries, and by the announcement of the continued free operation of this country's grain exchange.

The assurance of a steady demand for hogs at prices which, while stabilized, will return a fair margin of profit to the producers is another encouraging factor. Rising prices for eggs, cheese, butter and beef and the possibility of increased demand for these products from Great Britain likewise represent additional farm purchasing power. Therefore, while we do not anticipate boom conditions, we do look for further improvement in the domestic business of the implement industry during 1940.

* * *

George W. Huggett

First Vice-President, Canadian Industries Ltd.

During the past two decades Canada's enormous industrial development for her peace-time requirements has been accompanied by an even greater expansion in the chemical and allied industries. Now, in time of war, such development and expansion must be diverted from its true purpose to enable Canada to produce large quantities of essential war materials.

Continuation of the rising trend in total production in the Dominion will entail full utilization of the capacity of the chemical industry and, because the war is expected to alter the character of the demand, present facilities may have to be expanded. A prolonged conflict, however, will result in the curtailment of consumption of various chemical products and contemplated developments of a constructive nature may therefore have to be postponed.

Vigorous measures adopted by various bodies working under the direction of the federal government have so far been successful in preventing dislocation of the domestic economy by disruptive influences accompanying war. Past experience has proved that, the expansion of industry under conditions similar to the present sometimes outstrips justification on economic grounds and constant care will be needed to avoid in the Dominion developments other than those essential to the prosecution of the war that would render eventual readjustment to a peacetime basis all the more difficult.

* * *

J. D. Johnson

President, Canada Cement Co.

The building industry, in which cement plays an important part, is not likely to record normal progress during the wartime period, much as we in the industry might hope to the contrary. With the experience of the last war as a guide, one is forced to the conclusion that the longer the war lasts, the more difficult will conditions become for this industry. This is not a pessimistic view but a sensible facing of the facts.

It means only that the necessary upkeep of present buildings, the construction of new buildings and engineering works will be delayed, so that while the industry probably faces a lean period during the continuance of the war, there will accumulate a great deal of "delayed construction." In the last war the drop in construction figures was progressive from year to year. Going on the assumption that history will repeat itself in this respect, 1940 should show a relatively small decline from 1939 figures.

* * *

R. A. McInnis

General Manager, Anglo-Canadian Pulp & Paper Mills Ltd.; President, Canadian Pulp and Paper Association.

The outlook for the entire pulp and paper industry of Canada appears considerably brighter for 1940.

From present indications Canadian newsprint mills should enjoy a better average percentage of production than they did in 1939. While shipments to Europe probably will be reduced, on the other hand Canadian exports to the United States should increase materially as a result of the difficulty of Scandinavian mills making regular deliveries to American customers. In addition the Canadian newsprint mills should also enjoy some increase in tonnage from other countries that formerly looked to Europe and Scandinavia for their supplies.

In most other grades of paper, especially board products, there should be a substantial increase due largely to an increase in demand in this country. Production of board products and paper products exclusive of newsprint is a rapidly growing section of the industry.

Manufacturers of commercial pulp of various grades are also looking forward to a much better demand and better prices.

* * *

C. R. Morrison

President, International Harvester Co. of Canada.

The course of the Canadian farm equipment industry during 1940 is closely linked with the course of Canadian agriculture. Agricultural prospects for the year ahead obviously will be affected by many different influences, most of which cannot now be foreseen. Many competent observers, however, have predicted that Canada would be the foremost exporter of wheat for the 1939-40 shipping season. The war overseas is likely to present materially increased demands for Canadian wheat during the forthcoming year.

An improvement in the prices of Canadian agricultural products set in during the second half of 1939. And when it became apparent that Canada would harvest during 1939 one of the greatest wheat crops in her history, her farmers were correspondingly encouraged. Now, during 1940, Canada will be in an excellent position to supply whatever wheat export demands may arise.

Crop conditions in the West for 1940 cannot be predicted now, of course. Such prospects are wholly contingent upon moisture conditions during the growing season. There is now some deficiency in moisture over most of the wheat-growing area.

The uncertainties of the international situation, of course, hang as a threat over all Canadian business during 1940. But we believe that, on the whole, the outlook in our industry for the year ahead is encouraging. Granted good crops, and a continuing or enlarged demand abroad for Canadian wheat, 1940 should bring to those industries selling to the Canadian farmer a greater volume of business.

* * *

G. Harrison Smith

President, Imperial Oil Ltd.

During the past year Turner Valley has made an important contribution to western economic welfare. The production of crude oil alone, approximately 7.5 million barrels, represents a gross income for the producers of roughly $9 millions. Considerable employment has been afforded and large sums of capital attracted, and the entire prairie area has benefitted by the lower prices for petroleum products which have been made possible in part by the development of a local source of crude oil supply.

Turner Valley has enjoyed an almost unique experience among oil fields brought in in North America in recent years in that production has been orderly and has been rateably shared by the various producing interests and adequate markets made available as required. Under these circumstances it is to be expected that capital will continue to be attracted to the field, that further orderly progress will be made and that the Valley will again in 1940 contribute substantially to the national prosperity.

* * *

D. C. Durland

President, Canadian General Electric Co.

Increased war demands in 1940 will be fulfilled in Canada by the electrical industry, which will thus be doing its potent share for the Allied cause.

Canada's economy is being rapidly adjusted to a war basis. It is electricity that will provide the driving power, leading to an increased tempo for the industry itself. With only two months of war included in the computation, the electric power output in Canada for the first 10 months of 1939 showed an increase of 9% over the same period of 1938. The constantly expanding use of electricity in munition plants, in addition to general manufacturing, will speed up production. Five times as much electricity is being used in Canada today as in 1914.

As industrial plants swing into wartime production, and as efforts are heightened to keep an ample flow of war materials crossing the Atlantic, many plants will be working on an overtime basis. This will mean the installation of better lighting facilities and greater consumption of electricity.

There is a sharp contrast these days between Europe with its "blackouts" and our own cities with illumination as usual.

One of the principal reasons for the heavy per capita consumption of electricity in Canada is the low average cost here per kilowatt hour. The whole picture is still in an early stage. Canadian waterpower resources are estimated at over 43 million horsepower. Of this only about 19% has been developed. New hydro-electric projects are contemplated which, it is expected, will meet all additional needs of the expanding consumption for power and light.

Canadian electrical manufacturers, through research and engineering, are continually improving their products and constantly searching for methods of making electricity more useful. They have adequate plant facilities to build any electric equipment for which there is a reasonable demand.

* * *

Dr. A. O. Dawson

President, Canadian Cottons Limited.

Up to Sept. 1, 1939, most of the textile mills of Canada were curtailing production and inventories were higher than average. The war had been in progress but a very few weeks when the situation had undergone a complete change. The demand for goods from both merchants and garment manufacturers became unprecedented, which, added to orders placed by the Government and the Red Cross Society, practically wiped out accumulated stocks and provided the mills with full time work for a number of weeks to come.

In trying to interpret the reasons for the heavy purchasing by the trade, one reaches these conclusions:

1. High prices being asked for competing English lines owing to war conditions, while Canadian advances have been nominal. Indeed,

2. It is my conviction that goods brought into Canada from the U. S. by our people free of duty, sales tax, excise and other taxes, were of much greater magnitude than we believed but recent 11% to 15% discount on Canadian dollars has now brought these tourist imports almost to a standstill.

3. Hand-to-mouth buying has been the vogue for several years, both by the consumers and the merchants of Canada. This has meant the depletion

(Continued on page 13)

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This outstanding Western Company operates in exact compliance with the Dominion Insurance Act. Investments are selected for safety and risks are carefully chosen, providing "Portage" policyholders with dependable security at minimum cost.
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Insurance

Increases Expected In Life Insurance

Records of Previous War Show Gains in New Business and Business in Force — Firmer Interest Rates Helpful Factor

While war bring its problems to life insurance, men in the business regard the outlook for 1940 with confidence. Basing their opinion on the experience of the last war, an increase in insurance in force as well as total assets is expected. Preliminary estimates set the volume of insurance in force in Canada at the end of December as $6,730 millions compared with $6,600 millions a year ago. The amount of insurance written during the year is estimated at about $650 millions compared with $630 millions in 1938.

It is expected that the figures for 1940 will be in excess of those for 1939.

In the previous war while a decline in new business written occurred in 1914, the first year of the war, after that, increases were shown, as indicated.

	Effected millions of dollars	In force	In force per capita $
1913	225.6	1,168	153
1914	212.9	1,242	157
1915	218.2	1,311	164
1916	227.2	1,422	177
1917	277.5	1,585	196
1918	307.2	1,785	219
1919	517.8	2,187	263

One of the first problems facing the life companies after the outbreak of war was the establishment of regulations governing the issue of new policies. It is felt in view of the experience of the last war that the fairest way was the insertion in all new policies of war clauses providing for higher premiums or reduced benefits, in event of the insured serving overseas in the armed forces or travelling as a civilian in a danger zone. Company executives state that this system helps to make the new business self-supporting and does not penalize the policyholders as a whole.

Investments

From the investment angle a recent development of importance is a slight strengthening in interest rates. If this tendency continues it will ease the problems of investment executives materially. In recent years, low interest rates on gilt-edged securities and a scarcity of suitable investments have been two of the greatest difficulties facing investment managers.

Improved conditions in western Canada are also expected to make the situation considerably better as regards outstanding mortgages. Already some repayments have been made on debts which had been written off as total losses. In other cases, however, in spite of the greater ability of debtors to make substantial payments, efforts have been made to get their debts written down, causing heavy loss to the creditors.

Foreign Exchange Control

Establishment of the Foreign Exchange Control Board has made little difference to the life insurance companies in the conduct of their normal business. A special regulation of the Board stated, "Any life insurance company authorized to do business in any country or countries outside Canada, is authorized to continue to conduct its business in accordance with its normal procedure."

Life Sales Up For 11 Months

Increase in Total Shown Despite Decline for Month

Following the sharp increase in life insurance sales recorded immediately after the outbreak of war, demand for policies has been somewhat quieter. Sales of ordinary insurance in Canada and Newfoundland in November at $36 millions were 3% under those for November, 1938.

Declines of nearly 8% in Ontario and 11½% in Quebec, the two most populous provinces, were major factors in bringing about the decrease in the total. Alberta and Newfoundland, however, also were lower. The greatest gains for the month were 39% and 28% in Nova Scotia and Saskatchewan respectively.

Notwithstanding the decline for the month, however, the total for the 11 months was 3% higher.

Sales by provinces and for the year to date are as follows:

Life Insurance Sales (000's of $)

	—November— 1939	1938	Change 1939
British Columbia	2,835	2,730	+3.85
Alberta	1,754	1,814	—3.31
Saskatchewan	1,750	1,367	+28.0
Manitoba	2,648	2,408	+11.0
Ontario	15,608	16,937	—7.85
Quebec	7,966	9,004	—11.5
New Brunswick	1,120	969	+15.58
Nova Scotia	1,850	1,330	+39.1
Prince Edward Is.	179	178	+.56
Newfoundland	352	430	—18.14
	36,062	37,167	—3.07

Sales by Months, 1936-1939 (000's of $)

	1936	1937	1938	1939
Jan.	33,347	27,789	31,287	30,434
Feb.	28,834	30,619	31,796	30,879
Mar.	30,552	32,322	33,461	33,578
Apr.	28,876	32,562	30,612	28,229
May	28,411	31,916	31,016	33,657
June	31,247	37,908	35,660	35,766
July	31,397	32,040	30,635	32,244
Aug.	23,547	28,411	28,446	28,558
Sept.	28,090	27,730	27,928	37,117
Oct.	29,402	33,416	32,372	34,677
Nov.	36,710	38,020	37,167	36,062
Dec.	34,146	37,125	36,475	.....

Investment Foundation Pays Off More Arrears

MONTREAL.—Investment Foundation Ltd. has declared a quarterly dividend of 75 cents a share, and a further dividend of 50 cents a share on account of arrears on the preferred stock, for the quarter ending Dec. 31, 1939, payable Jan. 15 to shareholders of record Dec. 31.

Banking

Banks Anticipating Active Business

Heavier Demand for Credit and Firmer Interest Rates Point to Larger Earnings — Plenty of Funds Available For Loans

By DONALD G. MacLEAN
Staff Writer, The Financial Post

Canadian chartered banks enter 1940 with business on the uptrend. Demand for commercial loans is increasing and interest rates are firmer, while deposits from which the funds for lending are derived, are at record high levels. Bank revenues in recent months accordingly have been improving and further expansion in this direction is expected.

Bank executives feel that the present improved outlook for their institutions is likely to be maintained. They base their opinion on indications pointing to expansion in general business. As the banks play an important part in the trade and industrial operations of the country they are bound to share in this expansion.

Prospects for better general business as seen by the bank executives are based on two main factors in the present situation. These have been operative for some time, but their full effect will be felt more generally in the coming months than heretofore. These factors are:

1. The large wheat crop harvested in the West.
2. The war expenditures for supplies and materials and on wages and soldiers' pay.

The large crop with a minimum price guaranteed to the farmers, apart from the war altogether, meant a larger volume of money in circulation in the West than for some years.

Increased Demand for Goods

This meant a great increase in the demand for all sorts of goods — clothing, radios, furniture, etc. Merchants, faced with an increasing demand, have laid in larger stocks and have borrowed from the banks to finance them.

The greater trade demand for manufactured goods in turn meant that industrialists had to carry larger inventories and they in turn have sought bank credit to finance supplies and payment of wages until goods being manufactured could be turned into money. This condition, it is felt, will continue on into the coming months.

The crop movement itself is being financed by the banks and is bringing them revenue at the rate of 3% or 3½% as the money is lent to the Government or to the private agencies handling the grain. Accordingly, it is evident that with a crop of 479 million bushels to be financed the banks were in for a period of increased earnings.

The outbreak of war, however, gave further stimulus to the business recovery already under way.

Realizing that Canada would be called on to supply a larger volume of raw materials as well as various kinds of manufactured goods, and that war usually brings firmer commodity prices, manufacturers and merchants have lost their fear of carrying reasonable inventories.

Accompanying this great demand for credit has been a natural stiffening in interest rates. The increase is moderate, but bankers regard it with satisfaction as it definitely shows the downward trend in evidence for some years has been checked. This strengthening in the interest situation is reflected in the lower prices and higher yields ruling on both long- and short-term government issues. The index number of long-term government bond prices has fallen to 113.2 from 117.9 a year ago, while the index of yields has risen to 68.8 from 61.5.

To meet the greater demand for credit there are ample funds available in total Canadian deposits of $2.8 billions. The Bank of Canada also supplies an agency to help the banks meet any calls of this kind that may be made upon them.

Increasing taxation continues to be a source of concern to the banks, however. This was reflected in the presidential address of A. E. Phipps at the annual meeting of the Imperial Bank recently. He quoted figures showing that, while its assets and deposits in 1939 were much higher than they were in 1914, and operations generally on a much larger scale, net profits and dividends were lower—a result in which increased taxes played an important part.

Foreign Exchange Control

An important development resulting from the war and specially affecting the banks, is the Foreign Exchange Control Board established by the Dominion Government to control all dealings in foreign exchange. Under it, the banks act as agents in foreign exchange transactions for which they are paid a commission of ⅛ of 1%. While this means that in some transactions they may lose the larger profit they might have made in a free market, it also eliminates the chances of loss which were equally great.

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CROWN LIFE
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See Larger Volume Of Fire Business

Owing to the recovery in general business in recent months, many of the problems which have affected the fire insurance companies in recent years are clearing away and company executives are looking for better times.

Already there has been a substantial improvement. While this was in evidence earlier in the year, it has become more pronounced since the beginning of the war.

Two results affecting the insurance business which followed the outbreak of war, were the upward trend in prices and the increased inventories carried by manufacturers and merchants. These have meant the easing of the problem of a decline in the value of insurable property which has bothered the insurance companies so much in recent years.

In laying in heavier stocks of goods, buyers were guided by two considerations.

One was the fact that war usually brings higher prices and the other that it also often brings a shortage of essential commodities thereby handicapping production.

Higher Inventories

Once war was declared, there was a great rush to buy goods of all kinds. Private citizens bought various articles of daily use such as sugar, clothing and boots and shoes in much larger volume than usual. Merchants fearing they might be caught short of supplies ordered larger quantities than they had for years. This in turn induced manufacturers to lay in heavier stocks of raw materials. These heavier stocks all meant a larger volume of property to be insured against fire.

But the increased demand for goods has also brought higher prices. Such lines as leather, wool, hides and glass have advanced from 20% to 100% in price. These higher values again add to the volume of insurance to be carried. The result is higher premium income for the fire companies, even though rates remain unchanged.

The anticipated increase in premiums will give the companies more income but as some executives point out, it may be accompanied by heavier losses.

As far as the experience of 1939 is concerned it is expected that final results when they become available will show an increase in premiums of about 3% although many companies on the other hand report a decline. Fire losses on the whole have been lower and the net results have been fairly satisfactory, it is understood.

Automobile Premiums

Automobile premium income in 1940 is expected to be higher. Better general business it is estimated will mean a large number of cars and trucks in service. Premium income in the year just closing is estimated to be above the previous year.

This is attributed largely to the higher rates put into effect last February. Unofficial estimates indicate that the loss ratio will also show an improvement.

The same results are expected in the various lines of casualty insurance.

Weekly Bank Clearings

	Dec. 21 1939 $	Change Year Ago %	Dec. 14 1939 $
Saint John	1,921,968	+6.4	1,943,492
Moncton	1,060,021	+5.0	759,957
Sherbrooke	918,547	+30.4	711,942
Quebec	5,879,945	+7.7	4,229,627
Montreal	107,579,658	+0.04	83,812,600
Ottawa	19,736,086	+12.8	18,551,073
Peterborough	677,469	—5.8	579,559
Toronto	130,004,443	—21.4	98,067,228
Hamilton	7,376,434	+34.8	5,541,668
Kitchener	1,362,383	+14.4	1,118,291
Brantford	1,999,820	+70.6	886,340
London	3,374,765	+0.6	2,542,340
Chatham	1,245,439	+44.0	......
Windsor	2,960,529	—14.8	......
Sarnia	582,491	—7.9	460,073
Sudbury	962,803	+1.1	1,113,122
Fort William	989,243	+35.3	696,756
Winnipeg	84,212,288	+114.6	79,537,288
Brandon	342,488	—5.2	295,363
Moose Jaw	773,268	+13.4	625,861
Saskatoon	1,517,076	+15.0	1,518,474
Prince Albert	387,681	+34.9	347,200
Edmonton	5,230,925	+19.8	4,263,393
Calgary	6,851,961	—3.3	6,630,012
Lethbridge	597,072	+9.6	585,281
Medicine Hat	300,969	+26.2	226,411
N. W'minster	619,068	+6.6	732,964
Vancouver	18,518,367	—11.1	15,058,331
Victoria	1,927,437	—3.3	1,648,764

Weekly Statement Bank of Canada

A rise of $5.9 millions in note circulation in the statement of the Bank of Canada for the week ended Dec. 20 reflects not only a greater demand for currency for the Christmas trade, but also the demand from many people for new bills for Christmas presents. Deposits of the Dominion Government were up $4 millions probably reflecting the bank's share of recent sale of treasury bills. Deposits of the chartered banks with the central bank were also higher.

On the asset side, reserves of sterling and U. S. currencies were up $8.6 millions, probably reflecting accumulation of funds for year-end transactions.

Balance Sheet

	Dec. 20 1939 $	Dec. 13 1939 $
Liabilities		
Capital paid-up	5,000,000	5,000,000
Notes in circ.	231,974,849	226,054,992
Rest fund	1,903,515	1,903,515
Depos.: Dominion	49,928,896	43,652,467
Banks	220,765,371	218,389,246
Other	17,656,545	20,329,776
Total deposits	288,350,812	283,371,489
All other liabs.	7,064,221	6,265,945
Total liabs.	534,293,397	521,595,941
Assets		
Reserve: Gold	225,674,987	225,674,987
Res. in sterling and U. S.	66,345,299	57,863,757
Other curr.	759	667
Total reserve	292,021,045	283,539,411
Subsidiary coin	122,191	121,968
Investments:		
Dom. govt. short	186,671,086	185,144,037
Other Dom. govt.	50,357,288	47,290,521
Total invest.	237,028,374	232,434,558
Premises	1,686,682	1,684,809
All other assets	3,435,105	3,815,195
	534,293,397	521,595,941
Reserve ratio	56.12%	55.76%

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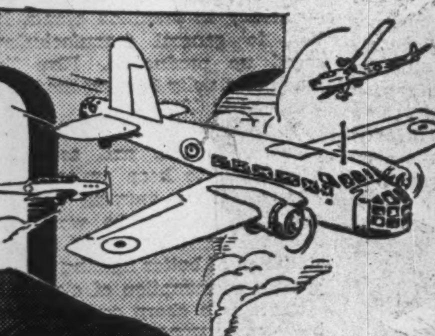

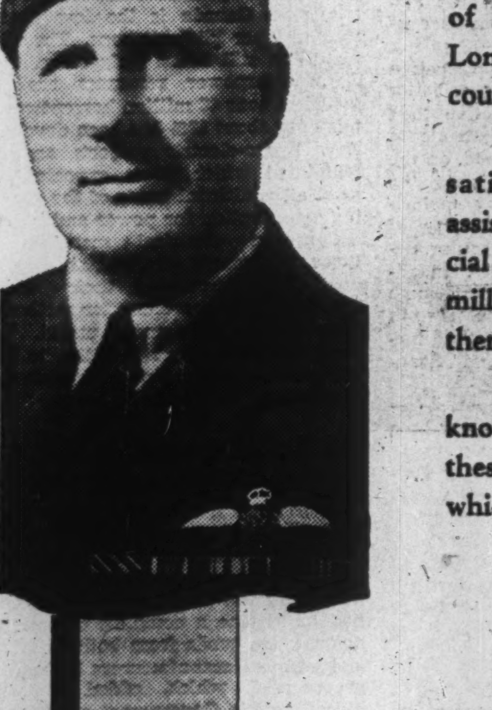

When Security Is Threatened
"In the present struggle to maintain freedom, security and the Canadian way of living, along with a number of my London Life associates, I have joined the country's armed forces.
"As we think back, it gives us great satisfaction to realize that we have assisted Canadian people to build financial defenses of six hundred and forty million dollars for the protection of themselves and their dependents.
"Our satisfaction is intensified by the knowledge that in war-time as in peace these families have the financial security which life insurance affords."
Already this war has demonstrated the value of preparedness. An impregnable defense against loss of earning power (whether caused by disability, old age, or death) can be provided through this Company. Be prepared!
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ESTABLISHED 1874
Insurance Company
Head Office - London, Canada

Automobile and General Casualty Insurance
AGENCY INQUIRIES INVITED
LUMBERMENS MUTUAL Casualty Company

THE ROYAL BANK OF CANADA

General Statement, 30th November, 1939

LIABILITIES

Capital stock paid up		$ 35,000,000.00
Reserve fund	$ 20,000,000.00	
Balance of profits carried forward as per Profit and Loss Account	3,096,252.21	
	$ 23,096,252.21	
Dividends unclaimed	16,674.29	
Dividend No. 209 (at 8% per annum), payable 1st December, 1939	700,000.00	23,812,926.50
		$ 58,812,926.50
Deposits by and balances due to Dominion Government	$ 40,167,410.92	
Deposits by and balances due to Provincial Governments	8,692,003.88	
Deposits by the public not bearing interest	404,373,018.96	
Deposits by the public bearing interest, including interest accrued to date of statement	428,024,304.00	
Deposits by and balances due to other chartered banks in Canada	261,321.25	
Deposits by and balances due to banks and banking correspondents in the United Kingdom and foreign countries	30,001,150.30	
		911,519,209.31
Notes of the bank in circulation		26,028,237.87
Bills payable		194,243.13
Acceptances and letters of credit outstanding		17,642,135.39
Liabilities to the public not included under the foregoing heads		511,590.89
		$1,014,708,343.09

ASSETS

Gold held in Canada	$ 13,252.58	
Subsidiary coin held in Canada	1,094,904.37	
Gold held elsewhere	378,408.34	
Subsidiary coin held elsewhere	3,583,493.69	
Notes of Bank of Canada	13,874,748.50	
Deposit with Bank of Canada	63,628,454.31	
Notes of other chartered banks	882,121.58	
Government and bank notes other than Canadian	24,413,598.77	
		$ 107,868,982.14
Cheques on other banks	$ 32,813,192.71	
Deposits with and balances due by other chartered banks in Canada	1,043.05	
Due by banks and banking correspondents elsewhere than in Canada	93,800,332.62	
		126,614,568.38
Dominion and Provincial Government direct and guaranteed securities maturing within two years, not exceeding market value		179,351,641.32
Other Dominion and Provincial Government direct and guaranteed securities, not exceeding market value		136,083,788.50
Canadian municipal securities, not exceeding market value		9,696,232.55
Public securities other than Canadian, not exceeding market value		23,285,372.34
Other bonds, debentures and stocks, not exceeding market value		39,250,803.06
Call and short (not exceeding 30 days) loans in Canada on bonds, debentures, stocks and other securities of a sufficient marketable value to cover		14,618,275.64
Call and short (not exceeding 30 days) loans elsewhere than in Canada on bonds, debentures, stocks and other securities of a sufficient marketable value to cover		10,532,872.41
		$ 647,302,536.34
Current loans and discounts in Canada, not otherwise included, estimated loss provided for	$212,627,311.73	
Loans to Provincial Governments	1,573,774.60	
Loans to cities, towns, municipalities and school districts	20,392,898.33	
Current loans and discounts elsewhere than in Canada, not otherwise included, estimated loss provided for	89,275,904.85	
Non-current loans, estimated loss provided for	2,693,841.76	
		326,563,731.27
Bank premises, at not more than cost, less amounts written off		14,623,763.64
Real estate other than bank premises		2,195,915.07
Mortgages on real estate sold by the bank		832,776.40
Liabilities of customers under acceptances and letters of credit as per contra		17,642,135.39
Shares of and loans to controlled companies		3,561,409.91
Deposit with the Minister of Finance for the security of note circulation		1,380,000.00
Other assets not included under the foregoing heads		606,075.07
		$1,014,708,343.09

NOTE:—The Royal Bank of Canada (France) has been incorporated under the laws of France to conduct the business of the Bank in Paris, and the assets and liabilities of The Royal Bank of Canada (France) are included in the above General Statement.

M. W. WILSON,
President and Managing Director.

S. G. DOBSON,
General Manager.

AUDITORS' REPORT

TO THE SHAREHOLDERS, THE ROYAL BANK OF CANADA:

We have examined the above Statement of Liabilities and Assets as at 30th November, 1939, with the books and accounts of The Royal Bank of Canada at Head Office and with the certified returns from the branches. We have checked the cash and the securities representing the Bank's investments held at the Head Office at the close of the fiscal year, and at various dates during the year have also checked the cash and investment securities at several of the important branches.

We have obtained all the information and explanations that we have required, and in our opinion the transactions of the Bank, which have come under our notice, have been within the powers of the Bank. The above statement is in our opinion properly drawn up so as to disclose the true condition of the Bank as at 30th November, 1939, and it is as shown by the books of the Bank.

M. OGDEN HASKELL, C.A., of Haskell, Elderkin & Company
JAS. G. ROSS, C.A., of P. S. Ross & Sons
} Auditors.

Montreal, Canada, December 21, 1939.

PROFIT AND LOSS ACCOUNT

Balance of Profit and Loss Account, 30th November, 1938	$ 2,721,409.82	
Profits for the year ended 30th November, 1939, after providing for Dominion and Provincial Government taxes amounting to $1,204,867.09 and after making appropriations to Contingency Reserves, out of which Reserves provision for all bad and doubtful debts has been made	3,724,842.39	
		$ 6,446,252.21
APPROPRIATED AS FOLLOWS:		
Dividend No. 206 at 8% per annum	$ 700,000.00	
Dividend No. 207 at 8% per annum	700,000.00	
Dividend No. 208 at 8% per annum	700,000.00	
Dividend No. 209 at 8% per annum	700,000.00	
	$ 2,800,000.00	
Contribution to the Pension Fund Society	300,000.00	
Appropriation for Bank Premises	250,000.00	
Balance of Profit and Loss carried forward	3,096,252.21	
		$ 6,446,252.21

M. W. WILSON,
President and Managing Director.

S. G. DOBSON,
General Manager.

Montreal, December 21, 1939.

Bigger Payrolls Forecast

(Continued from page 11)

of stocks on the shelves and counters in our stores throughout the land, and replacements are now necessary to take care of the extra demand for goods that has suddenly developed. Also, many of our unemployed people are working again and hosts of people who were working but part time have again become fully employed. The extra buying power of such people must be of major importance.

Now, the vital question is—how long are these conditions likely to prevail? This depends almost entirely upon when the war will come to an end, and, of course, no one knows when this will be.

On the whole, one may reasonably expect that the business average for the year 1940 will be considerably better than the average for the year 1939.

There will be less unemployment in 1940 than in 1939, and the average weekly wages of factory employees will also show a tangible increase over the average wage for 1939.

We will not likely see any important reduction of governmental expenses, and a further increase in taxes is almost inevitable.

Due to increased cost of raw materials, higher labor costs, higher taxes, etc., it is reasonable to expect a higher price trend of all commodities.

In spite of all these new conditions facing industry, I am inclined to the opinion that the year 1940 will show a tangible improvement over the year now coming to a close.

* * *

W. R. McNeil

President, Building Products Ltd.

Although certain classes of "peacetime" construction may show a decline, it is inevitable that for war purposes there will be required new construction on a rather large scale. And although the Minister of Finance recently announced the withdrawal of loans exceeding $4,000 under the National Housing Act, loans for less than that amount will continue to be granted as freely as in the past. It is in this price class that the greatest shortage of houses exists.

Furthermore, loans of less than the $4,000 maximum are in line with the incomes of a very large number of Canadians who will unquestionably continue to take advantage of the favorable terms and conditions for home ownership made available to them under the Government's plan.

The products of the roofing and insulating board industries are particularly well adapted to these types of construction, as they also are for a considerable proportion of the repair and modernization work which is being carried out under the Home Improvement Plan in substantial volume.

* * *

W. Leigh Britnell

Mackenzie Air Service Ltd.

Immediately after the Declaration of War, there was a falling off of business in northern commercial aviation, which was only natural, as this was a climax of some months of uncertainty. However, since October business conditions have generally been much better, and at the present time we have all of our aircraft busily engaged, not only into the mining areas north of here, but also down river to Aklavik.

For 1940 I feel certain that mining will be stimulated due to the fact that this is a cash and carry age, and gold should be in more demand than ever. Manufacturing in Canada should be stimulated through the war orders, and for the duration of the war high wheat prices should prevail for the western farmers, which should be beneficial for the whole country.

Since northern mining is dependent to a large extent on the airplane, I feel rather optimistic of the future in regard to the volume of business for my own company. With the three major industries of farming, mining and manufacturing stimulated, I believe Canada should enjoy the best business conditions it has ever had.

* * *

R. J. Speers

R. Jas. Speers Corp.

The 1940 livestock outlook in a chaotic world is unpredictable. Millions of men and women have been transferred from gainful labor to war. Production of farm products in war areas is greatly reduced. War time food requirements increase owing to greater consumption on battlefield and losses sustained in transit.

Of nations within the "Commonwealth of British Nations" which will supply the United Kingdom with food, Canada is the nearest and most accessible. It would seem a reasonable deduction that ability to buy and transport Canadian products will be the limiting factors during 1940. Canada's opportunity entails its ability to supply farm products of the kind and quality the Allies require.

With the exception of wheat, bacon and cheese, Allied purchases have not as yet influenced Canadian marketings to any appreciable extent. This experience is very similar to Canadian experience during the first year of the last war. With the gradual diminishing of the prewar storage supplies in the United Kingdom, it is anticipated in well informed quarters that the demand for Canadian farm products will increase.

Canada's domestic market will reflect export demand. Price levels for Canadian livestock products will also be subject to the influence of the change in consumer demand. With higher market values the consumer will become more and more price conscious. Present day price levels for hog products will have a tendency to divert meat purchases to beef and poultry.

Canadian demand for highly finished beef is extremely limited. The United States market is our only accessible safeguard as an outlet for really well finished beef. Canadians have been thoroughly accustomed—through the established retail channels of domestic meat trade—to the consumption of beef of medium quality without much finish. Any war demand for beef will not likely affect quality demand.

Cereal price levels will be the deciding factor in the finishing of livestock. Canadian livestock producers will in all probability continue the even tenor of their way during 1940 and take a long distance view of the livestock industry rather than attempt any sudden changes in their programme to meet wartime conditions of unknown duration and unpredictable results.

* * *

J. D. Mansfield

President, Chrysler Corporation of Canada Ltd.

Business conditions in Canada were never more sound nor more hopeful than they are now. In fact, a process of reconstruction and readjustment has been going on during the past 10 years which has given Canada a far stronger business and industrial structure than the Dominion has ever possessed during her entire history.

As a result of all these adjustments which have been made in our business and industrial life it is our belief that the ground is prepared for better business in 1940. It is too early to say what additional effect war purchasing will have in creating still greater volume of normal business, or what disturbing effects the war will have. However, we believe that the lessons of 1914-18 have been learned and that our governments will have an eye to the after-the-war effects of all their war measures. In other words, our governments will aim to keep the flow of business as near normal as possible so as to make post-war adjustments easier.

It is the duty of industry at this time to study all its operations so that the lessons of the past depression may be applied intelligently. The necessity of producing goods at minimum cost must not be overlooked. It is necessary that distribution costs be carefully examined and held at the minimum, so that manufactured products may reach the public at the lowest possible cost. It is necessary, of course, to see that the wage-earner is compensated properly to meet changing conditions, so that his purchasing power may remain undiminished. By doing these things business can be kept on an even keel, not only during the present world upheaval but after peace has been declared.

* * *

J. D. Woods

Gen. Mgr. York Knitting Mills, Ltd.

The textile industry, which can be considered an essential one in times of peace, can now be termed imperative in times of war. The terrific demand set upon English textile mills since the outbreak, has made Canadian requirements almost wholly dependent on Canadian production. Within two weeks of receipt of orders from the Government, this industry commenced delivery of new goods for war, over and above the industry's swelling civilian demands. It is well for the public to realize that the emergency call for army underwear, uniforms, hosiery, shirts and blankets, have used up hundreds of thousands of pounds of lower priced wool yarns designed for this Fall's normal peacetime production. What is left of the industry's low priced raw materials must now be augmented at much higher prices. It is therefore certain that goods manufactured for 1940 civilian consumption will cost much more to produce than today.

This war has substantially cut down the importing of British textiles into the Canadian market. It follows that the Canadian textile industry has a particularly busy period ahead, not only to supply a much augmented civilian demand but also to fulfill whatever added obligations are asked for war reasons. The industry will meet its obligations fully to the best of its capacity, and as the maintaining and increasing of steady employment is of great national service, it seems likely that the textile industry will in this regard contribute an increasing share to this war's Canadian effort.

The sharply increased production facing textiles for the duration, will undoubtedly be reflected in somewhat increased profits, but this in itself is good, as it will enable the industry to contribute more fully to the larger taxation requirements of the Canadian war budget.

* * *

C. H. G. Short

General manager, Lake of the Woods Milling Co.

The prospects for the Canadian milling industry for the present crop year are, at this time of writing, reasonably bright. All mills have had a more than usually heavy production during the opening months of the year, chiefly attributable to the increased demand from the United Kingdom. Whether that demand will continue throughout the year or whether the heavy fall requirements have arisen from a policy of building up reserve forward stocks, remains to be seen. There is but a very slight margin of profit resulting from the export flour shipments to the U. K. other than that naturally resulting from the lesser overhead over-all in relation to increased production.

It is well to bear in mind that increased taxation necessitated by the war budget will affect the mills' balance sheets this year in common with those of other industries. Operating results equal to those of last year, in consequence of this increase in taxation, would result in lesser net profits, and as it must be borne in mind that last year was an exceptionally satisfactory operating year for the mills, it may be deduced that in the more difficult circumstances ruling the industry as a whole would be well pleased to come within reasonable distance of last year's results.

* * *

L. F. Winchell

Vice-president and General Manager, Hinde & Dauch Paper Co.

Paperboard and shipping box manufacturers ended 1939 with an almost sensational spurt in demand, some of which it is known went for inventory build-up. This spurt has presently subsided to levels that are seasonal and ordinary to immediate year-end requirements.

My belief is that, notwithstanding the forward buying that has taken place, the inventory situation is not such as might become a menace to 1940 volume. On the contrary, I anticipate that 1940 will be a better year volume-wise than was 1939, as domestic orders, even though they might be in decline during the first months of the year, can, because of the war situation be as heavily reinforced by export orders to Empire countries as surplus capacities and transport facilities will permit.

That there will be further increases in the cost of producing these commodities seems inevitable, but, everything considered, 1940 should be a good year for the industries referred to.

* * *

J. W. Horsey

President, Dominion Stores.

Clear thinking and a sense of duty will be necessary in Canadian food distribution during 1940. Export markets for many of our primary products will diminish if war continues. It is, therefore, the national duty of producers, distributors and consumers to strengthen conditions at home by expanding the domestic consumption of surplus Canadian produced products. We must produce and market our goods so that a fair profit is provided for all concerned; thereby making it possible to distribute the heavy cost of war evenly throughout our country.

I believe Canadian business should be optimistic in plans for 1940, but should be fully conscious of the necessity to function at all times in the interest of our present and future problems—the cost of this war.

* * *

H. L. Southall

Managing Editor, Business Newspapers Division, MacLean Publishing Co.

Retail sales volume in Canada was up 2.2% in the first ten months of this year over the same period in 1938, and was practically equal to that of ten months of 1937.

Many retailers are entering 1940 with higher inventories; in some trades this increase, due to larger tonnage and higher prices, runs from 10 to 15%. In lines where war demands have created shortages and sharply higher prices, the tendency to accumulate inventories is naturally greater than in the average run of merchandise. In a number of trades there has been little if any accumulation, retailers being convinced of the soundness of the policy of buying only for normal requirements. Recollection of failures after the last war, due to heavy accumulations of high-priced inventories, coupled with the uncertainties of the present war, have proved sobering.

Most retailers are looking for steadily increasing business during 1940, with prices maintaining a firm trend. Advance spring prices on a number of lines show only slight increases over those of last fall. This is lending confidence and is encouraging a normal trading policy. Pegging of certain prices and close control by such bodies as the Wartime Prices and Trade Board have also provided assurance and discouraged speculation in merchandise.

With nearly $50,000,000 per month being spent on British and Canadian war account throughout this country, there is bound to be a stimulation of buying power. Agricultural conditions are much improved. Confidence in the future is shown by big increases in installment sales, particularly in the West. Credit conditions have shown big improvement, much long-standing indebtedness being cleared up to pave the way for new business. A tremendous amount of store modernization is in progress among retailers throughout Canada, a progressive step and an indication of confidence.

* * *

D. A. Whittaker

Vice-president and managing director, Sherwin-Williams Co.

While no official figures are available, it would no doubt be a fair statement with regard to conditions in the paint and varnish industry during the year just closed, that they were, on the whole, favorable. Volume of production and sales was maintained on a basis comparable with 1937 and 1938 and quite possibly somewhat better. Conditions affecting the industry during the early part of the year were better than in 1938, and since the outbreak of war in September, activity has been further increased, not all of it, in my opinion, arising from war conditions.

Construction activity shows indications of slackening as efforts are directed in wartime channels. Against this there will be a good deal of special construction arising from military requirements. Other important activities of business through regular retail outlets and from the large railway and transportation companies are already showing renewed progress.

The raw material situation while exhibiting a steady tendency toward advance in prices is nevertheless not presenting insurmountable difficulties from the standpoint of supply, such as we encountered during the early months of the first Great War.

Costs are increasing with somewhat greater acceleration than correspondingly advanced selling prices, but nevertheless the outlook for the industry, as a whole, gives hope for a further improvement in its position during the year upon which we are just entering.

* * *

Herb C. Braund

Managing Editor, Technical, Automotive Div., MacLean Publishing Co.

Present indications are that the automotive industry in Canada will end this year just about equal to the performance of 1938. The year started out poorly in the matter of domestic car sales, brightened a little in the summer, slipped in August but then began to come back strong. The Chrysler strike did not help matters, but that company is again in full swing. At the 10-month mark passenger car sales in Canada were down 7% and truck and bus sales 9%, an average of 8% below 1938, which has in the meantime probably been made up. This means that Canadians bought better than 90 thousand new passenger cars in 1939 (both home-built and imported) and about 30,000 trucks and buses.

Surprisingly, the export experience of the year has been good. The end of the year will probably see a comfortable gain over 1938 since for the 11 months, the 1938 figure of 49,136 had been upped to 51,264. Things have been some tougher in the Antipodes, so the rest of the world has been pretty good to the Canadian industry this year.

As to the future, who can tell? If the present degree of prosperity continues in Canada, it is likely that 1940 domestic passenger car sales will be about the same as 1939. Export passenger car sales will probably suffer somewhat by unstable political conditions abroad, lack of shipping, etc. On the other hand, it is rumored the Canadian Government is about to place very substantial orders for trucks with Canadian manufacturers for use abroad. Budgeteers are said to be using 1939 figures as a basis for 1940 plans.

* * *

Sidney W. Band

President Canadian Underwriters Association.

In the fire and casualty insurance business we have just closed one of the most eventful years of our time.

Turning to the year ahead I feel that we have every reason to be optimistic. Indications point to improvement in every line of business. In addition to military aid, England is looking to Canada for the supply of war materials, and foodstuffs—large expenditure of money and increased employment will result. Already our unemployment problem is lifting, resulting in greater money circulation and purchasing power.

Income of fire and casualty companies is largely governed by the degree of prosperity of other businesses, and with Canadian business generally decidedly on the upturn, we look forward to increasing volume during 1940.

* * *

John A. Rowland, K.C.

First Vice-President and General Manager, Canada Permanent Trust Co.

It is rather dangerous to assume the role of prophet in times like these. Two or three things seem clear. There is every reason to suppose that Canada will have its full share of increased business activity arising out of the war, and it is almost inevitable that she should have a continued period of prosperity when the war is over. We are better prepared for the ordeal which lies ahead of us, and the peace which will follow, than we were in 1914-1918.

It is sincerely to be hoped that an excessive regimentation of business on the part of the Government will not defeat the purpose for which it is intended. The test should be not how much regimentation can we have, but how little do we need. The first essential is that we should win the war, and in that purpose our people are united.

* * *

A. G. Partridge

President, Goodyear Tire & Rubber Co.

The year is closing with Canadian rubber manufacturing fairly active and the executives of companies in an anxious frame of mind, wondering what the future holds for them with respect to rates of exchange and the costs of materials and the various unpredictable consequences of war. It is quite certain that the large export business of Canadian rubber manufacturers due to new quotas and other restrictions will be reduced during the continuance of hostilities, and this is not likely to be compensated for by war purchases, although considerable orders are now being filled for rubber thigh boots, overshoes, rubber soled canvas footwear, tires and tubes, gas masks, ground sheets and rubber supplies for military hospitals.

However, there is also a brighter side to the Canadian rubber export prospect. British plants are so busy with war orders that they cannot supply home and army demands, let alone competing for foreign mar-

(Continued on page 15)

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1940 will be a year to "stand by" the worthwhile things!

C-I-L

CANADIAN INDUSTRIES LIMITED
Head Office: C-I-L House, Montreal

Pulp and Paper Industry

Paper Stocks Future Brightens

War Cuts Off Bulk of Competition From European Mills

Above map shows why war conditions have reduced Scandinavian newsprint shipments, and indirectly improved prospects for Canadian sales in the United States. Location of Swedish, Norwegian and Finnish mills makes it logical and economical to export through Baltic ports. Egress is being made difficult if not impossible by German and Russian blockade systems. In the case of Finland, production has also been menaced by Russia's invasion.

MONTREAL.—Pulp and paper securities have staged a strong comeback. The sharp falling off in tonnage and profits in 1938, after the big year of 1937, produced an apathy toward this group which was reflected in a relatively big drop in values earlier in the year.

During the earlier months production stepped up slowly. Operations were on a better scale, but there was no marked revival of confidence in pulp and paper securities until September.

The declaration of war and the consequent disruption of international markets for pulp and paper products greatly affected the outlook for the Canadian industry. Demand rose sharply. The advance in the premium on American funds added appreciably to the earning power of the operators, particularly those producing newsprint and pulps.

Strong Basic Conditions

With operations in the past three months on a larger scale than at any time since 1937 and with much better prices prevailing, the returns of the manufacturers have shown a sharp jump, so much so that several have resumed dividend payments.

The effect on the market has been to strengthen both investment and speculative interest. Current security values have recovered to a point where they are at or near their high for the year.

This advance has not been confined to one or two stocks, but to the group as a whole. Newsprint, fine paper and pulp stocks have all shared in the advance in values.

This is clearly shown in the following table:

Price Range 1939 (to Dec. 26)

	High	Low	Current
Abitibi	3¼	½	2
Abitibi, 6% pfd.	21¼	3⅛	15⅝
Bathurst	15½	5	14¼
Cons. Paper	9	2⅝	7⅞
Donnacona A	10⅞	2	9¾
Donnacona B	9½	2	8¼
Dryden	13	3	11½
Fraser V. T.	23¼	5	20¾
Howard Smith	21⅛	9	21⅛
Lake St. John	28	5	27
Maclaren	21	8	20½
Price Bros.	24	6½	22½
Rolland	18	6	16½
St. Law. Corp.	6⅝	1⅛	5½
St. Law., pfd.	19¾	6	19⅛
St. Law. Paper, pfd.	49½	21	48

Resume Dividend Payments

Improvement in earnings is reflected to the interim statements of such companies as Abitibi and the dividend declarations of a number of other operators.

Bathurst Power and Paper Co. has declared a dividend on its class A stock and the president of the company has issued a number of "bullish" statements on the current position.

Great Lakes Paper Co. has declared an interim dividend of $1 a share on both the class A and B shares.

Brompton paid a dividend on its stock, practically all of which is held by St. Lawrence Corp. The latter in turn paid a dividend on its class A shares.

Price Bros & Co. has declared two quarterly dividends on its preferred stock.

The resumption of dividends, the first to be paid by some companies in many years, has been decidedly encouraging.

Earnings Move Ahead

While payments have not been general, still the position of the companies which have not made any distribution has also undergone a marked improvement as far as earnings are concerned.

It is confidently expected that the financial statements for 1939 will show the industry's earning power on a considerably better scale than in 1938. In many cases earnings will be shown on the junior equities.

Whether or not the improvement in the last three months has been sufficient to pull earnings up to the 1937 level remains to be seen. However, that is relatively unimportant beside the more important fact that the current rate of earnings is the best experienced in years and, if maintained throughout 1940, should result in the production of many excellent statements.

Prospects for next year, at this time, continue good. Of course there are a number of factors which are still in the course of development, but the outcome is expected to be along favorable lines.

The principal uncertainty in regard to the outlook for next year is whether or not the Scandinavian mills will be able to maintain production and shipments. This is of the utmost importance to producers of Canadian pulps, while the newsprint manufacturers in this country are also closely concerned.

Up to the end of October northern European mills were particularly successful in keeping up their trade connections; in fact, shipments of newsprint were much better than a year ago. Since then, however, the political situation in Scandinavian countries has undergone a change for the worse and there is now serious doubt of the ability of the northern European mills to keep up production.

Expect Falling Off

The November export figures on Scandinavian newsprint and pulp exports are not available. They should show a decline in shipments, with December returns even worse. But the extent of the drop is not known, and until the figures are available it would be unwise to hazard a guess as to the trend.

The position of the Scandinavian mills in the 1940 market is going to be the most important factor bearing upon operations of the Canadian mills. The expected increase in consumption of pulp and paper products in some markets will likely be offset by declines in others, so that any major gain in production and sales must come at the expense of the Scandinavian operators.

Great Lakes Pays $1

Initial Dividend on Preference Result of Improved Earnings

Great Lakes Paper Co. initiated payments on its A and B preference shares with announcement of $1 a share, payable Dec. 30 to shareholders of record Dec. 27. This stock is entitled to an annual cumulative dividend of $2 a share. After the Dec. 30 payment arrears will be $7.50 a share.

The company will be able to report earnings for 1939 above those of last year when 67 cents a share was earned on the combined A and B shares. How much gain will be shown is not known but it will probably cover the $1 dividend by a fair margin.

Newsprint shipments by Great Lakes for 1939 will average around 67% of rated capacity of about 113,100 tons annually. This will be about 2% below the average for the industry including what are known as "non-commercial" mills. The latter include Spruce Falls Power & Paper Co. at Kapuskasing, Ont., and Ontario Paper Co. mills at Thorold and Baie Comeau.

These two mills are a negligible factor in the ordinary newsprint markets as almost 100% of their output is taken by one or two customers. Thus this average of production would be considerably higher than that for the pro-rating section of the industry.

Optimistic for 1940

Officials of Great Lakes Paper regard the outlook for 1940 with optimism. One factor likely to aid the company next year is a growing demand for sulphite pulp. Great Lakes has three sulphite digesters in its plant. Under ordinary circumstances two of these units can supply the company's own needs, leaving the spare one available for production for sale.

Changes in the process used are giving added capacity. Since the first of November, the company has been able to sell this surplus pulp because of a growing demand which had not been felt until toward the end of the year. This is expected to continue next year.

In 1940 the company will supply from its own mill, the Milwaukee Journal contract which was prorated to other mills for 1939. This contract, which calls for a minimum of 20,000 tons annually, is now understood to be requiring closer to 30,000 tons.

Mersey Paper Co. Hedges Water Shipments

From Our Own Correspondent

MONTREAL.—Mersey Paper Co., as a hedge against possible interruption of its steamship services due to war conditions, has requested the Canadian National Rlys. and its American railroad connections to establish a regular basis of newsprint rates for all rail movements from Brooklyn, N.S., to United States destinations. The rate that will be established from Brooklyn will be 14c. per 100 lb. in excess of the present basic Grand 'Mere group normal maximum rate authorized by the Board of Railway Commissioners for Canada.

Bathurst Head Cheerful in Report

From Our Own Correspondent

MONTREAL.—Dividend payment on the Class "A" stock of Bathurst Power & Paper Co. reflects improved market conditions for the company's product, which will be reflected by substantially better earnings for the last quarter of the year, according to a statement by R. L. Weldon, president, apart from the current dividend check. The plant is currently operating at full capacity, and, he states, "the company's financial position is excellent."

Hinde & Dauch Sales Up But Net Lower

Production volume for Hinde & Dauch Paper Co. of Canada for 1939 was somewhat above that of last year, L. F. Winchell, vice-president and general manager, reports. "Out-of-the-ordinary demands that were incidental to the declaration of war" have been chiefly responsible.

Profits will not be as large as last year, states Mr. Winchell, because for most of the year extremely low price levels prevailed. He concludes by stating that "everything considered, your directors feel that we have had a satisfactory year, and that further definite progress has been made."

In 1938, Hinde & Dauch earned $1.42 a share on its common stock. Annual dividends were reduced to a 50-cent rate with the April, 1939, payment.

Abitibi Earns More in Nov.

Gain Highest This Year But December Shipments To Show Sharp Drop

Earnings of Abitibi Power & Paper Co. for November showed the largest gain over a year ago to be reported this year. Newsprint shipments at 38,668 tons exceeded earlier estimates and reached levels not seen since the end of 1937. Bleached sulphite shipments continued at approximate capacity of the company's plant.

For December, however, G. T. Clarkson estimates that newsprint shipments will be only 26,400 tons, a drop of 12,200 tons from November and about 3,000 tons less than shipped in Dec., 1938. Earnings for the last month this year, therefore, appear unlikely to maintain the gains shown since August.

Earn 3% on Bonds

For all of 1939, Abitibi should report net earnings around $3.3 millions before depreciation. Allowing $1,785,000 for this charge as was done last year would leave $1.5 million for bond interest. This would be equivalent to slightly over 3% on the $48.3 millions of 5% bonds outstanding. Last year, the company earned about 2.5% on the principal of these bonds without making any allowance for interest on unpaid interest. For the month of November, net earnings of $596,952 would have been equivalent to 1.6 times bond interest, including interest on overdue and unpaid interest, of $279,530. This is after allowing for $148,750 depreciation for the month.

Premium on U. S. funds has accounted for a substantial portion of earnings in recent months. For October, this premium was $109,372 and for November it was $144,826.

Comparative monthly figures follow:

Monthly Earnings

	1939 $	1938 $	Incr. %
January	162,297	114,219	42.09
February	125,556	77,469	62.07
March	150,400	140,258	7.23
April	175,446	181,932	▲3.57
May	237,830	285,264	▲16.63
June	199,330	331,067	▲39.79
July	191,633	256,843	▲25.39
August	215,389	250,338	▲13.96
September	463,529	300,225	54.39
October	544,827	370,117	47.20
November	596,952	348,883	71.10
	3,063,189	2,656,615	15.30

▲Decrease.

Newsprint Shipments (Short Tons)

	1939	1938
January	21,688	18,058
February	20,542	16,004
March	22,333	18,239
April	24,293	22,001
May	27,201	25,412
June	24,239	27,201
July	22,199	22,960
August	25,310	24,545
September	32,694	26,741
October	37,246	29,777
November	38,668	30,937
	296,413	261,875

Note:—Present indications are that shipments of newsprint in December will be about 26,400 tons.

Shipments of Bleached Sulphite (Short Tons)

	1939	1938
January	3,422	2,150
February	2,846	1,937
March	3,461	2,183
April	3,261	2,841
May	3,435	3,000
June	2,863	2,142
July	2,893	2,863
August	3,291	3,244
September	4,987	3,274
October	5,193	3,874
November	5,185	3,293
	40,837	30,801

Note:—Present indications are that shipments of bleached sulphite in Dec., 1939, will be about 5,000 tons.

Newfoundland Makes Deal With Australia

From Our Own Correspondent

MONTREAL.—Final arrangements have been made between the Commonwealth of Australia and Newfoundland for the reciprocal reduction of customs duties with a view to increasing the quantity of newsprint exported to that country. Previously customs regulations gave a preference to newsprint imported from England and Canada, but, through an oversight Newfoundland was left out of the arrangements. This situation has been remedied through a bill known as the Australian-Newfoundland Trade Agreement.

U. S. Newsprint Needs Up 2.5%

From Our Own Correspondent

MONTREAL. — Apparent consumption of newsprint paper in the United States for the first 11 months of 1939 was 2.5% over that reported for the like period of 1938, based upon returns of the American Newspaper Publishers Ass'n. Compared with returns for 1937, consumption this year shows a decline of 8.5%.

Apparent consumption in the States to the end of November totalled 3,220,829 tons, as against 3,446,071 and 3,839,271 tons in the like period of 1938 and 1937, respectively.

Abitibi Power & Paper Company, Limited
TORONTO, ONT.
Owning directly or through subsidiary companies, mills at
Beaupre, Que. Iroquois Falls, Ont.
Pine Falls, Man. Smooth Rock Falls, Ont.
Sault Ste. Marie, Ont. Fort William, Ont.
Port Arthur, Ont.
Newsprint
Groundwood Pulp News Sulphite Pulp
High Grade Bleached Sulphite Pulp

CANADA CEMENT COMPANY LIMITED

Annual Report of the Board of Directors

TO THE SHAREHOLDERS:—

Your Directors beg to present herewith the Twelfth Annual Statement of the affairs and financial position of your Company as at November 30, 1939.

The demand for cement during the fiscal year just closed was slightly in excess of the previous year. Sales during the early months of 1939 were less than in the same period of 1938, but during the Summer months construction work picked up considerably and a good volume of business developed. However, after the declaration of war daily shipments declined and future business became more indefinite.

Net earnings amounted to $1,475,647.75 after providing for depreciation and making provision for Dominion and Provincial Income Taxes. This compares with $1,124,511.65 in the previous year, an increase of $351,136.10. Short-term Serial Bonds due 1939 and 1940 amounting to $1,500,000.00 were retired during the year. Holdings of short-term bonds by the Company were increased by $490,000.00. This latter transaction accounts for a reduction in working capital of $450,849.03. The mortgage on the Canada Cement Building was reduced by $50,000.00.

Dividends paid amounted to $5.00 per share on the Preference Stock at the rate of $1.25 per quarter. Earnings on the Preference shares were in excess of this amount but your Directors deemed it inadvisable to distribute a greater amount in the belief that your Company should maintain a strong liquid position in the face of the uncertainty brought about by war conditions.

Capital expenditures were kept down to bare essentials; very little new work was undertaken. However, your plants were well maintained and are in excellent condition.

It is difficult, if not impossible, to make a reliable forecast of 1940 business on account of the possible economic stresses of the war, and other factors.

Respectfully submitted on behalf of the Board of Directors.

J. D. JOHNSON,
President.

CONSOLIDATED BALANCE SHEET, NOVEMBER 30, 1939

ASSETS

CURRENT ASSETS:			
Inventories of Cement, Materials and Supplies as determined and certified by the Management and valued at or below cost, which is below market		$ 1,607,578.01	
Accounts Receivable (less Bad Debts Reserve)—			
Customers' Accounts	$ 580,229.72		
Other Accounts	31,756.94		
		611,986.66	
Loans to Employees for the purpose of purchase of Company's shares		1,602.80	
Government and Public Utility Bonds (Market Value $1,025,379.25)		986,193.52	
Cash		1,286,849.78	
			$ 4,494,210.77
INVESTMENT IN COMPANY'S OWN BONDS, AT PAR			1,047,000.00
UNEXPIRED INSURANCE, PREPAID TAXES AND OTHER PREPAID EXPENSES			148,630.11
BOND REFUNDING EXPENSE (less amounts written off)			1,320,000.00
PROPERTY ACCOUNT:			
Land, Buildings, Plant and Equipment, etc. (as appraised by Messrs. Ford, Bacon & Davis Inc. on the basis of commercial value at September 30, 1927, $38,267,500.00) and the Canada Cement Building at cost; with subsequent net additions at cost, less Depreciation Reserves of $16,559,702.81			38,896,797.92
			$45,906,638.80

LIABILITIES

CURRENT LIABILITIES:			
Accounts Payable		$ 285,441.26	
Bond Interest Accrued		45,937.50	
Preference Dividend declared, payable Dec. 20, 1939		251,086.25	
Provision for Dominion, Provincial and other Taxes		495,554.74	
			$ 1,078,019.75
FIRST MORTGAGE BONDS:			
Authorized	$20,000,000.00		
Issued Series "A"	$16,500,000.00		
Outstanding—			
3½% Serial Bonds due 1941 to 1944		$ 3,000,000.00	
4½% Sinking Fund Bonds due 1951		10,500,000.00	
			13,500,000.00
MORTGAGE ON CANADA CEMENT BUILDING:			
Repayable in semi-annual instalments and balance due in 1948			645,000.00
RESERVES:			
Fire Insurance		$ 750,000.00	
Extraordinary Repairs and Renewals		350,000.00	
Industrial Accidents		57,800.00	
Contingent Reserve		400,000.00	
			1,557,800.00
PREFERENCE SHARES REDEMPTION RESERVE			55,900.00
PREFERENCE SHARES—6½% SINKING FUND CUMULATIVE SHARES OF $100.00 EACH, REDEEMABLE ON SIXTY DAYS' NOTICE:			
Authorized (of which $21,000,000.00 has been issued)		$25,000,000.00	
Outstanding			20,036,900.00
NOTE: Dividends are in arrears $32.75 per share.			
COMMON SHARES:			
600,000 Shares of No Par Value out of an authorized issue of 750,000 Shares			6,403,904.75
EARNED SURPLUS:			
Profit and Loss Account for the year ending November 30, 1939—			
Profit from Operations before deduction of the undernoted items	$3,921,355.04		
Income from Investments	56,847.97		
		$ 3,978,203.01	
Deduct:			
Bond Interest	$ 592,506.93		
Mortgage Interest	27,300.00		
Provision for Depreciation	1,250,000.00		
Provision for Extraordinary Repairs and Renewals	40,000.00		
Executive Remuneration	75,748.48		
Directors' Fees	10,880.00		
Legal Expenses	1,119.85		
Proportion of Bond Refunding Expense	110,000.00		
Provision for Dominion and Provincial Income Taxes	395,000.00		
		2,502,555.26	
		$ 1,475,647.75	
Earned Surplus, November 30, 1938		2,107,811.55	
		$ 3,583,459.30	
DEDUCT: Dividends on Preference Shares		1,004,345.00	
			2,579,114.30
			$45,906,638.80

AUDITORS' REPORT TO THE SHAREHOLDERS:

We have made an examination of the books and accounts of Canada Cement Company Limited and its Subsidiary Companies for the year ending November 30, 1939, and have obtained all the information and explanations which we have required; and we report that, in our opinion, the above Balance Sheet is properly drawn up so as to exhibit a true and correct view of the affairs of Canada Cement Company Limited and its Subsidiary Companies at November 30, 1939, and that the Profit and Loss Account correctly sets forth the result of their combined operations, according to the best of our information and the explanations given to us and as shown by the books of the Companies.

PRICE, WATERHOUSE & CO., Auditors.
Montreal, December 15, 1939.

Approved on behalf of the Board:
J. D. JOHNSON, Director.
F. B. KILBOURN, Director.

Sabotage Guards

Already Millions Spent Guarding Home Plants Against War

Fighting Canada's enemies from within is costly business. By the end of August next year guarding against sabotage of vital industrial and utility plants in the Dominion will have cost a sum in excess of $6 millions, it is estimated.

Enemy eyes have undoubtedly sized up the opportunities for throwing out of gear Canada's war efforts. As arsenal of the Empire the Dominion presents an inviting target, with its heterogeneous population and sparsely settled territories. A fire in a vital industrial plant, a blasted waterways lock, or severed power transmission line would paralyze, temporarily at least, a vital war function.

As the war progresses the necessity of taking the utmost precaution against sabotage operations of enemy agents will grow. With the Dominion's resources scarcely yet diverted to the main effort of providing munitions and supplies to the Allies, it would avail the enemy little to prematurely cause alarm without commensurate return. When the industrial machine is geared to top speed the opportunities for doing major damages will be much greater and likely to yield more satisfactory results to the enemy.

Ontario Expenditures

Responsibility for guarding vital points has been assumed by the various governments of the country, as well as by private organizations. Controversy as to what guarding duties are to be taken over by the governments and private organizations still rages. Use of the regular military organization in anti-sabotage duties has been abandoned in favor of civilian guards.

Just how costly this guarding is going to be is indicated by the Ontario Government's estimates. By the end of August next year this province will have spent $1.5 millions, it is officially estimated. The bulk of these expenditures, $1 million, will be for wages of guards. Remainder will be for insurance premiums paid by the province on the lives of the men, equipment, uniforms, travelling and miscellaneous expenses.

Under Attorney-General G. D. Conant's direction the Ontario Government has been guarding its properties.

Veteran Guards

Because in Ontario there is the greatest concentration of manufacturing facilities which will be the object of sabotage attempts, the Government and private concerns have felt themselves most affected by this threat. Precautions taken by other provinces have not been as extensive as those taken by Ontario.

The province has employed three groups of men to do this work: War veterans, supplied by the Veterans' Security Committee, special reserves, formed by the provincial government in 1937, to deal with C.I.O. strikes, and the regular provincial police. At Nov. 22, there were 622 veterans guarding the various buildings and plants of the Government, 116 of the special reserve body and 388 regular police, totalling 1,126 men.

The special guards are being paid $100 a month, in addition to equipment and uniforms. Insurance policies of $3,000 are being placed on each guard.

Ironically, three of these guards have died in bed from natural causes since they took over guarding duties.

Protection Act

A compensation system for injuries incurred while on active duty is in effect. The system is based upon procedure under the Workmen's Compensation Board, with claims being paid by the province.

The Public Works Protection Act, 1939, passed at the special session of Legislature in September, defines the duties of the guards and the scope of anti-sabotage activities. Each civilian guard possesses all the power bestowed upon the regular police.

The legal position of the guard and the province if any civilian is injured has not yet been defined. Nor has the public liability of the province in such a case been determined. Not until an actual case is placed before the courts will the province know its position in this respect.

Municipalities

In addition to the province's part in guarding against sabotage, the R.C.M.P. has assumed the task of looking after federal properties that might be damaged by enemy agents. Guards have been employed by the municipalities in protecting their property, such as public utilities, water works, transportation systems, etc. Numerous industrial and utility corporations are looking after the burden themselves, but in some cases believe that this is a function that should be taken over by the Dominion Government. The railway systems are employing their own police for this purpose.

Vulnerable Target

Cost to the R.C.M.P. municipalities and private organizations in conducting this work is not accurately known, but it is estimated it will be in excess of that of the province's share. Therefore it may be assumed that the aggregate cost will be in excess of $3 millions in the province for the year ending Aug. 31, 1940.

There are other industrial areas upon which the Dominion is relying to provide the sinews of war for the Allies, particularly in Quebec, and British Columbia, but these are secondary in importance to Ontario. Taking these facts into consideration, it is probable that expenses of all the other provinces in this respect do not exceed the estimate for Ontario. The total cost of anti-sabotage activities in the Dominion is estimated by unofficial sources at $6 millions for the year, on the basis of present activities.

The Ontario estimate envisions continuance of activities at their present level. Should the burden be increased or decreased the estimate will be altered.

It is within the realm of possibility that the necessity for guarding against enemy sabotage will have to be considerably expanded. If hostilities in Europe spread Canada will have to step up its activities to accommodate enlarged armament orders. The greater the rôle of Canada in aiding the Allied powers in war, the greater will be the enemy attempts to lessen Canada's effective aid. Time will tell if the steps to protect Canada from an insidious enemy have been sufficient. While a country at war does not make known extent of its efforts, it is virtually certain that European belligerents have taken measures that dwarf Canada's efforts to prevent damage from sabotage.

Against the expenditures that the provinces make, there may be credited some savings on the cost of unemployment relief, as a certain number of the guards employed have been taken from relief. Small economies therefore may result to the provinces and municipalities from smaller relief burdens.

Southland Paper To Start Next Month

From Our Own Correspondent

MONTREAL.—E. L. Kurth, president of the Southland Paper Mills, reports that all machinery is in place in the new newsprint mill at Lufkin, Texas.

Wood grinding is reported to have begun about the middle of this month, and the machinery is turning experimentally. Commercial production of newsprint is expected to begin early in the new year.

Better Goodrich Business Means Plant Additions

To handle an improved volume of business, B. F. Goodrich Rubber Co. of Canada is spending approximately $85,000 in providing additional floor space at its Kitchener plant, according to G. W. Sawin, vice-president and general manager. Work has started on changes in railway siding facilities. Other improvements include moving of the central offices and relocation of several departments to eliminate wastes in operations.

Among the factors contributing to the need for more manufacturing space are mentioned demand for tractor and truck tires and improved volume in rubber footwear lines. Desire to be of service in providing for Canada's wartime needs is being considered and provision made in the expansion.

Easy Washing Profit Higher

Net Will Exceed $22,000 in Current Year, Compared With $17,920 in 1938

Easy Washing Machine Co. will show net profit in excess of $22,000 for 1939, when the annual report appears in February. In 1938 the comparable figure was $17,920.

This betterment has been due to a gain in domestic business in the past four months, as the export market has been lost since the outbreak of war. Outlook for 1940 is considered good by the management.

Working capital has increased during the year, but it is expected that cash at the end of the present year will be lower than in 1938, because of purchases of raw materials. Inventories of finished goods will also be lower.

Dividend of 17½ cents a share has been declared on the 7% preferred stock, of $10 par value, payable Jan. 15, to shareholders of record Jan. 2. Last previous payment was for 17½ cents on Nov. 15 of the current year. After the Jan. 15 payment arrears will amount to 87½ cents a share.

Municipal Finances

Quebec reports increase of $2.5 millions in property value in the city during 1939. Total of 650 building permits were granted during the year, one of the largest number on record. It is stated that not since 1931 has there been such a sharp increase in property values.

* * *

Vancouver assessment commission reports that decrease in land and building values has cut taxable assessment of $2.1 millions from the 1940 tax rolls. At the current rate of 47.65 mills this represents a $100,000 drop.

* * *

Edmonton electric light and power department to the end of November showed an all-time high in gross revenue of $1.1 million, an increase of $78,742 over the same period last year.

* * *

Calgary collection of current taxes during 11 months of the year were greater than in the same period, while collection of arrears declined slightly. Total current tax collections and arrears in the 11 months amounted to 99.53% of the 1939 levy. This compares with 98.53% last year in the corresponding period.

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TORONTO WELLAND DODGE MEAD MONTREAL WINNIPEG

Exchange Control Net May Hit $20 Millions

Analysis of Board's "Earnings" Hints Yield $2 Millions Monthly

By RONALD A. McEACHERN
Staff Writer, The Financial Post

What is the most prosperous enterprise in Canada today?

Perhaps the Foreign Exchange Control Board can claim that title. Though its operations are strictly confidential in Canada as in every other country in the world, a sober estimate of Control Board's "earnings" is something approaching $2 millions a month. It will probably be over $20 millions a year.

Here's the way it works out.

In serving the admittedly necessary aims of exchange control, the Board has taken over control of all foreign exchange dealings in Canada. The chartered banks formerly handled this business themselves. Now they are merely agents of the Control Board.

Standard Service Charge

Sales and purchases of foreign exchange are now made at a standard service charge or "profit" of 1%. The rate was formerly hidden by banking tradition and the normal market fluctuations.

One important consideration is that the Control Board "take" must be computed not in Canadian, but in United States dollars. When you buy $1 American from a Canadian bank it costs you $1.10, plus one cent commission, which is split between the bank and the Board, seven eighths to the Board, one eighth to the bank.

Canada's total volume of international business of all kinds involving likely foreign exchange transactions is running around $260 millions a month. Reduce that figure by 10% to bring it to the United States dollar base) which gives $236 millions. Seven eighths of one per cent of that figure, the Control Board's take, amounts to $2,065,000 per month, or assuming that Canada's international business continues at about the same pace, almost $25 millions a year.

That figure, of course, involves some assumptions and is the maximum figure, rather than the minimum. It assumes, for instance, that all Canada's international business involves a cash settlement. Especially in the case of Canadian branches of foreign industries, particularly American, many inter-plant transactions involve small or no cash transfers.

But apart from transactions of that type, which cannot be accurately determined, Control Board "profits" need not be a complete mystery.

Trade in Foreign Securities

Sales of securities between Canada and the rest of the world were around $17.6 millions in October, the last month for which records are available. That is, Canada bought securities outside this country and non-residents bought securities in Canada for a total volume of around $17.6 millions. Because of foreign exchange control, this volume has been very sharply reduced. In September of this year, for instance, the security trade volume was $61.5 millions and in October of last year it was $73.7 millions.

The belief is that once United States financial interests get the real meaning and terms of exchange control, figured out Canada's international security volume will rise from its present depths as non-resident investors once again turn to the high yields, unusual speculative opportunities and investment security offered by some Canadian securities.

Canada's imports from all countries in October were $79 millions, a little higher than normal, perhaps, but a representative figure of the volume of this trade. Canada's exports to all countries in October totalled $90.4 millions. Not all imports and exports involve the actual sale or purchase of foreign exchange, but most do and the rest is a sum that no one knows.

Tourist Trade

The tourist trade is another major factor in Canada's exchange business. Once again, it is impossible to know to the hundred dollars just how much foreign exchange transactions the tourist trade involves. But the best estimates are for a sum of more than $20 millions a month at the present time. This figure can be expected to increase sharply. A few years ago, for instance, it was running around $36 millions a month. If Nazi-inspired and rival tourist agency "horror" stories about conditions in Canada at war can be knocked on the head, the likelihood is that the tourist volume can be very sharply increased. Staying off the high seas and going where money is worth 10% more would seem like fairly forceful selling arguments for Canada's tourist attractions.

Interest and dividend payments from Canada to outsiders and from outside companies to Canadians make up a foreign exchange volume of around $30 millions a month, or $400 millions yearly. Freight receipts and payments are around $20 millions monthly, $250 millions yearly. Advertising account for around $420,000 a month, $5 millions a year; motion picture rentals around $375,000 monthly, $4.5 millions a year. Other smaller items bring up the total of Canada's financial dealings with the rest of the world and theirs with us to over $3,000 millions a year, or $260 millions a month. For 1937 the figure was $3,112 millions.

Commission Both Ways

As both buyer and seller of foreign exchange, the Control Board and the banks get their commission both ways. But because the international business volume given above is a gross figure, that is both the selling and buying abroad, the correct computation of Control Board "profits" is on the basis of one way foreign exchange transaction, seven eighths of one per cent, not twice that as some have suggested.

The $2 millions monthly estimated "profits" of the Board is not entirely a new levy on business. All foreign exchange business was formerly done by the chartered banks and they didn't do it for nothing.

Different banks did their foreign exchange business on a slightly different basis and bankers claim that one of the most sacred secrets of their profession is the profit they tried to make on foreign exchange dealings.

Though bankers do quite a bit of complaining about foreign exchange control, their complaint seems mainly to centre on the amount of new forms they have to fill out and the number of hard questions they have to answer rather than that their regular one eighth per cent commission on handling foreign exchange for the Board proves to be a serious loss of revenue.

"We're not making quite as much money out of foreign exchange as we used to, but it isn't nearly as bad as we were afraid it was going to be at first," was the way one banker expressed it. The comment of several others was of similar character.

Speculation

Though the word speculation infuriates the banker, the traditional foreign exchange business involved something that the layman would call speculation. And in this respect, it can be argued that the banks may be better off than they were before. Today the banks get their one eighth per cent commission, both going and coming, without any exceptions. This profit is certain. Under the traditional system of the free, open market sale and purchase of foreign exchange there was very real competition between banks, and fluctuating rates of exchange. So that this time a bank might make a very satisfactory profit on a foreign exchange transaction; the next time there might be little, none or sometimes a loss.

Some banks have had to add to their staffs to handle Control Board routine. At what figure the volume of exchange transactions are likely to settle down at once the new system gets fairly well adapted is still not clear. And altogether, a just tear can be shed for the new situation of the banks.

How much of the $20 millions maximum "earnings" of the Control Board is profit?

Administration Costs

Contrary to some of the fancy and fanciful rumors circulating the Board is quite an economical enterprise. Its administrative expenses are likely to amount to rather less than $750,000 a year.

Rumors about the size and salary of its staff are wildly exaggerated. Its employees number just about 300. Most of them are clerks and stenographers. There are less than 50 who rate designation "minor executive." Average salary for the entire staff is around $1,200 to $1,500.

The Foreign Exchange Control Board doesn't get any salary at all. These men are the top-notch members of the civil service, most of them earning less than they would get in private industry. Their duties on the Control Board are extra, but they are not getting an extra nickel—nor any perquisites in the form of hotel rooms and expense accounts.

Fundamental policy of the Control Board has been to use existing facilities, not create any new ones. Wherever possible it uses Bank of Canada offices, though in some centres this has not been possible. Toronto and Montreal are cases where non-government space had to be rented.

Police Work

Though enforcement of its regulations requires an enormous amount of police and detective work, the Control Board has not set up anything like its own Gestapo, but has given existing squads additional duties: the immigration and customs force, the Post Office system, and the Royal Canadian Mounted Police. It doesn't pay anything for their services.

Probability is that Control Board costs will increase somewhat as the system jells. It may, for instance, be necessary to have travelling inspectors or something of that variety.

And what does the Control Board do with all its money—the $20 odd millions it is likely to net in a year?

What hay is to horses, gasoline to cars, money is to an exchange control board.

When the Board was set up Sept. 15 the Government handed over to it the $65 millions which were the proceeds of the revaluation of Canada's gold holdings. This fund was kept intact, with the intention that sometime it would be used for a stabilization fund. Need for such an operation did not apparently arise until war.

This $65 million kitty for the Board was further enhanced in value by the premium on gold in United States funds and other increments and it now probably amounts to $80 millions.

All "profits" of Control Board operations are merely added to this fund.

So far, it seems, the Control Board has had to make little or no expenditure of money do to its job. Though a fact ensconced in the deepest secrecy, there is no evident reason to suspect that the Canadian Treasury has had to give the Control Board any extra funds.

But a situation in which the millions of the Control fund will rapidly disappear is not at all impossible. That depends entirely on how successful the Board is in maintaining a steady and adequate flow of foreign exchange into its hands.

United States Premium

In the present exchange rate of 10% on the United States dollar, the Board is continuing the traditional policy of the Bank of Canada in keeping Canadian dollar just about midway between the United States dollar and sterling. That rate has been found the best for Canada's business position, in world commerce.

If Canada's business in the respects listed above continue to bring in adequate supplies of foreign exchange, the present exchange rate can be maintained and Canadian export-import trade will be able to continue on reasonably even keel.

If a complication of circumstances arises to seriously limit the foreign exchange supply, there are two possible courses of action. The Canadian dollar rate could be dropped further. Major objection to that, of course, is that all of Canada's huge import trade would be seriously affected. In wartime with special needs and conditions, further devaluation has the very serious objection that it is not sufficiently selective; that it does not differentiate in effects between wartime necessities and peacetime luxuries.

May Restrict Imports

The other and more acceptable course—also one that might very well be taken if the war goes in extremis is deciding on a list of imports Canadians can do without; thereupon placing them under an utter ban. Admittedly this is an extreme measure, but other countries are doing it, notably Great Britain.

On the whole problem of exchange control Canada enjoys unique advantages, suffers unique disadvantages.

Canada came by the kitty for her exchange fund very easily; through the fortuitous profit on gold. The normal profits of Control Board operation are very substantially increasing that sum in a manner about as painless as possible. Canada has the skilled and experienced machinery of the Bank of Canada to handle this very complex problem.

Canada, too, has profited by almost everybody else's mistakes, or inexperience. Britain, for instance, immediately saw the need for exchange control in the 1914 war. Her means of handling it were then the ordinary procedure of the world of international finance, but they were elephantine in comparison with the slick, streamlined modern system of exchange control.

What's more, Britain's exchange control efforts in the last war cost her taxpayers a really vast sum of money — real money, not just the bookkeeping kind, either.

One of Britain's measures last time was giving the J. P. Morgan house in New York carte blanche orders to buy every pound of sterling that came on the market at a fixed price.

In its various forms, exchange control—the cost of stability—is estimated to have cost Britain some £800 millions.

By successfully avoiding the need for exchange control and stabilization fund operations until now, Canada has the advantage of the experience of others.

But Canada has a unique problem in exchange control. That is the close social and economic relationship of Canada with the United States. Such a large proportion of Canada's business is somehow related with United States enterprise that the sudden imposition of exchange control was a terrific shock to traditional technique of a great many lines of business.

But this is so far a war almost entirely of economics and economics will continue to be a major war arm. Exchange control is definitely the Big Bertha of the economic front. Money—millions of dollars—is its ammunition.

Who gets the money left in the fund when peace is attained and the control wound up?

It would be turned over to the Government; which, if wise, might keep the fund intact for some special purpose, such as it kept the "profit" on gold holdings for a special purpose. On the other hand, the recent course of world finance, even in so-called peace, does not make the prospect of getting along without at least a stabilization fund very bright.

More December Dividends Raise Total $4.8 Millions

Since The Financial Post published its first estimate of December dividend payments this year, additional declarations have added $4.8 millions to the former $68.7 millions reported at the first of the month. These bring the month's total to $73.5 millions, which is well above any other month this year, but still more than $20 millions below last December's record total of $94.1 millions.

The recent declarations bring 1939's total of dividend payments to $302 millions, third consecutive year to exceed the $300 millions mark and also third highest record of dividend payments. Last year's dividends totalled $325.9 millions and those of 1937 came to $319.8 millions.

Among the changes noted in the late declarations are two initial payments, Tombill Gold is paying five cents a share and Great Lakes Paper $1 on its A and B preference stocks.

Extra dividends are being paid by Canada Cycle & Motor with 25 cents a share on its common; Carnation Co. with $1 a share on its common; Hollinger with another five cents a share; Howe Sound with 50 cents; and Sangamo Co. with 50 cents.

Disher Steel is paying $1 a share. Its last dividend was 50 cents a share paid in May, 1938. Great West Saddlery is paying $3 a share on its preferred and made its last previous payment of 75 cents in April, 1938. Price Bros. is paying $1.37½ on its preferred while Anglo-Norwegian Holdings is making a payment of $3.50 on arrears.

December Supplementary Dividends

Company	Rate	Date	Amount
Ajax Oil & Gas	.01½	29	14,818
Ang. Nor Hold., pf.	*3.50	31	40,302
Barker's Bread, pfd.	.62½q	30	5,990
Brown Cons. Pete.	.01¼	29	17,757
Canada Cycle	.25q	31	25,000
Do., extra	.25	31	25,000
Do., pref.	1.25q	31	12,500
Can. Industries, A, B	2.75	26	1,897,826
Carnation, c. extra	1	19	609,588
Crown Trust	1q	29	10,000
Disher Steel, pf.	1	..	12,507
Gt. Lakes Pap., A, B	‡1	30	200,000
Granville Oils	.00½	30	3,550
Gt. W. Saddlery, pf.	3	27	20,976
Growers' Wine, c.	.05s	15	18,360
Hinde & Dauch	.12½q	20	37,491
Hard Rock G.	.04	30	119,600
Hollinger Cons.	.05	30	246,000
Do., extra	.05	30	246,000
Howe Sound	.75q	23	355,342
Do., extra	.50	23	236,895
Inter. Mining	.15q	22	77,546
Mansfield Theat., pf.	1.75	29	13,125
Mercantile Trans., pf.	3%	31	25,000
Mtl. Refrig. & S. P.	1.25	27	23,578
Okalta Oils, pfd.	a30	21	135,000
Ottawa Car & Air.	.40	30	23,558
Price Bros., pfd.	1.37½	30	86,409
Do., arrears	1.37½	30	86,409
Premier Trust	23	30	24,530
Russell Ind.	1.75q	30	14,000
Do., pref.	1.75q	30	16,800
Sangamo	.25q	20	11,325
Do., extra	.50	20	22,650
Tombill Gold	‡.05	27	50,000
Traders' Bldg.	1.50	15	18,750
Vulcan-Brown	.02½	21	13,333
Total			4,797,515
Previously reported			68,669,002
			73,466,512

q—Quarterly. s—Semi-annually. *Arrears. aCapital distribution of $30 reduced par value from $60 to $30. ‡Initial.

Bigger Payrolls Forecast

(Continued from page 13)

kets. Germany and Czecho-Slovakia for the time are out of foreign markets in which they have been active formerly in pressing sales of low-priced rubber goods. Japan is not the exporter that it once was.

Importations of crude rubber indicate that the Canadian manufacturer is providently preparing to supply his home and export markets however war may restrict rubber shipments from the East Indies.

Then the Canadian rubber manufacturer, besides giving useful employment and distributing large sums in salaries and wages, is helping toward the support of the country by the payment of heavy taxes. It is quite surprising how his taxation bill has grown, the special tax of two cents a pound on tires and three cents a pound on tubes adding considerably to this growth. In 1920 the tax bill of the industry—federal, provincial, municipal, etc.—amounted to $546,124, while in 1938 this had grown to $4,049,671, the increase having been 616%.

It is regrettable that the prospect for a reduction of this tax bill is not very bright.

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E. C. Gilliat
Managing Secretary, the Winnipeg Board of Trade.

Winnipeg and the West generally, with the exception of a substantial wheat producing area, has enjoyed improved business turnover this year and is looking forward hopefully to 1940. The recent trend toward higher grain prices and consummation of the bacon agreement with Britain are material factors in this picture.

A survey in Winnipeg shows moderate gains in trade, with increases in building permits, customs receipts, livestock marketings, carloadings, radio licenses and telephone connections, while bank clearings are up over 25%. Employment shows a moderate gain with fewer relief recipients, but relief expenditures show no material decrease. The percentage of municipal tax collections is higher, while Federal income tax payments show a recession of 10%.

With this background and the expected stimulus to different lines through the establishment of military air training camps throughout the West and further prospective demands for supplies, the immediate outlook for business is reasonably favorable.

• • •

T. W. Bassett
Vice-president and general manager, Dominion Glass Co.

Volume in the glass industry during 1940 should follow fairly closely the general level of trade in Canada. Under war conditions a steady market for the products of our mines, and forests is anticipated. The employment thus created will, it is hoped, have a favorable effect on the demand for glass products.

The bumper wheat crop in particular which the West was favored with this year, will apparently be disposed of at prices which will yield the farmers a reasonable return. This should restore purchasing power in sections of the prairie provinces where it has been lacking for some years and stimulate business in other parts of Canada.

As Canada's war efforts develop large sums of money will be spent by the government and while this will aid business generally, it will inevitably lead to increased taxation, which will bear heavily on industry. It is a matter of conjecture as to whether hoped for increase in volume will offset rising costs.

• • •

E. P. Taylor
President, Canadian Breweries Ltd.

War to defend the very existence of our political and economic system demands a strongly aggressive attitude on the part of Canadian business. I have complete confidence that business will meet this challenge.

Healthy business in 1940 is not just a hope, not a mere probability—but a duty. There will be a heavy burden of taxation. Profits must be realized if the tax revenue is to accrue. Naturally, too, there will be serious dislocation of markets: substitute outlets and better outlets must be found. Exchange and other financial problems will persist, with changes in the terms and distribution of purchasing power. But underneath these surface conditions Canada's great resources will remain as unshakable as the precambrian rock which is itself one of our most valuable assets.

War creates an opportunity for Canadian business enterprise to bring about the fullest employment of our resources. If this be accomplished, business may add to real national income for 1940 more than war will consume.

• • •

H. A. Nicholson
Editor and Business Manager, Canadian Printer and Publisher, Toronto.

After an extreme summer slump which continued for several weeks following the declaration of war in Europe, the commercial printing industry in Canada has regained much lost ground.

Since the printing volume goes up and down in sympathy with the general business, the trend should be on the ascending scale in 1940.

Paper mills for several months have been working at capacity, with orders running behind. The demand, now showing indications of easing, came mostly from paper converters (box, envelope and stationery manufacturers) rather than from printers. Some printers, however, despite the efforts of mills to promote orderly buying, have probably been stocking up in anticipation of higher prices.

Canadian paper mills are being commended for maintaining firm prices in view of the higher prices they now must pay for their raw products. In contrast, paper prices in the United States have been advancing. Higher prices in Canada, however, seem inevitable and may come around the first of the year, when the mills will likely be faced with an advance of $10 to $12 a ton on sulphite. Sulphite papers, therefore, may advance a half-cent to three-quarters per pound. Supplies of sulphite from Scandinavian countries have been blockaded, thus tending to increase the price in America.

Canadian newsprint mills, now working at capacity, have been benefited by the elimination of much European competition in the U. S. market, coupled with some increase in size of newspapers, particularly in the United States, although the increase is said to be only slightly over 1% in the past nine months.

Advertising linage in daily and weekly newspapers, magazines and business papers picked up rapidly after the usual summer slump and toward the end of the year was holding firmly in most cases.

The New Year advertising linage across Canada should follow the general business trend.

Business papers serving those fields providing the sinews of war should be in an especially favorable position during 1940.

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W. H. Funston
President, Firestone Tire & Rubber Co. of Canada.

The rubber industry is now on the eve of its greatest expansion as the result of two factors. Ever since that eventful day in 1932 when the first farm tractor equipped with tires rolled across the late Harvey Firestone's own homestead farm, the use of rubber tires on the farm has sharply increased each year. Today most of the new machinery is equipped with rubber tires, but the market has only been scratched. Due to war demands for increased farm output, there is going to be a tremendous increase in the use of tires on the farm, for it has been definitely established that rubber tires on farm tractors and implements permit the farmer to do more work in less time and at a much lower cost.

Expansion of the rubber industry is also going to be further accelerated by the direct use of rubber tires in warfare. One only has to look at the universal use of mechanized units in the Empire's forces to realize how tires are being used for trucks, artillery and for the air fleets.

Because industry in general is being speeded up, there is also going to be a rapid expansion in our domestic transportation field. All methods will be pressed to the limit and thousands more trucks will be put into service, all of which means a tremendous production of truck tires.

The industry in Canada is fully capable of meeting all demands made upon it. It is making all necessary plans and stands ready to serve the nation's needs in war as well as it did in peace.

• • •

R. K. Martin
Secretary, Newsprint Association of Canada.

As Canada's largest manufacturing industry, newsprint naturally experienced to the full the difficulties and risks encountered by all business enterprises throughout the world in 1939.

Preliminary indications are that Canadian production for the year amounted to approximately 2,900,000 tons, or about 67.5% of rated capacity. This compared with 2,625,000 tons in 1938 and with the all-time high of 3,648,000 tons in 1937. The increase over 1938 was due entirely to heavier sales in North America.

The war has resulted in an increased demand for Canadian newsprint from most parts of the world, due principally to uncertainties over future shipments from Europe. On the other hand it has led to serious difficulties in overseas transportation and has set in motion forces which are causing an increase in operating costs.

On the declaration of war, the Canadian industry issued a statement, acknowledging its wartime responsibility as a supplier of a vital commodity and pledging itself to avoid profiteering. Subsequently individual Canadian mills implemented this declaration by announcing a continuation of the $50 New York base price (in effect since January, 1938) to the end of June, 1940.

The industry faces the uncertainties of 1940 with better morale and in a generally stronger position than for some years past.

• • •

John Burns
President, Burns & Co.

Ever since 1932, when the hog raisers of Canada were given a preferential position in the British market through the bacon clauses of the Ottawa agreements, the federal and provincial Governments of Canada have made every endeavor to encourage hog production in the Dominion, to enable the farmers of Canada to secure a stable footing in the British market for their pork products and to hold it in the future. Progress in that direction has been slow, due in a great measure to the drought conditions which prevailed in western Canada for years, and which resulted in a decrease in hog production during the last half of 1937, and a further decrease in 1938, continuing during the first half of 1939.

Because of the satisfactory prices that were paid for hogs in Canada during those years, and the ready market in Britain for an amount of bacon that was actually in excess of Canada's shipments, the farmers of Canada have been improving the quality of their production through better breeding stock and better housing facilities. Hog production since Sept. 1 of this year is running approximately 30% in excess of deliveries to market during the corresponding months of last year. The greatest ratio of increase has been taking place in western Canada. This increased hog production is most opportune, because of war conditions, and the requirements of Britain, which are much greater in wartime than in peacetime.

It is our considered view that during the period of the war Canada will continue to increase its production of hogs, thus doing their bit during the present emergency, and that as a result of this improved production Canada will retain her place in the British bacon market in the future.

• • •

G. B. Van Blaricom
Editor, Canada Lumberman.

The past year was one of encouragement to the lumber industry in practically all its branches, and the results of operations in most cases show a gain over the previous twelve months. As far as the retailer was concerned, the National Housing Act proved to be of great assistance in the home construction line.

Following the declaration of war trade began to accelerate in conjunction with increased industrial activity in various parts of the country. It is likely that with the large undertakings which the government have in hand, the lumber business will enjoy a prosperous 1940.

Owing to the greater prices of supplies, higher wages in certain parts of the country, and less efficient woods help by reason of the young men signing up for military service, production expenses will be from 15% to 25% higher, and the cost of lumber up from four to six dollars in certain grades. The cut in Ontario and the East will exceed that of last season by at least 10%. Since the outbreak of war numerous retailers have replenished their depleted stock and there was quite a wave of buying in October and early November. Stocks in the yards of manufacturers are not large, and are in comparatively few hands. The creation of new air fields and bases in Canada will require a great deal of lumber.

Home building, it is hoped, will proceed, but apartment blocks erection may drop off owing to decrease in the amount of loans under the Housing Act after January 1.

• • •

J. M. Macdonnell
President, National Trust Co.

To predict the trend of trust company business is to predict the level of security values (which largely determine the value of estates), stock exchange activity (on which depends the earnings of the transfer department), and the number of bond issue trusteeships, etc. (which provide corporate trusteeships). In other words, trust company business is just a cross-section of all business.

Peering into the uncertainties of 1940 one thing surely may be said with perfect certainty. On the economic front, as on the military front, we are in an era of movement. New things are afoot. Important—perhaps vast—changes are ahead of us.

Such an era will test us all. Those, whether individuals or nations, incapable of facing new conditions either through want of capacity or want of courage, may well find that the year has in store for them disappointment or worse. But to those with vision, courage and sympathetic understanding adequate to meet new conditions the year may well prove to have possibilities of true progress. By this I mean progress based on an understanding of the mistakes of the past and a determination to grapple with them firmly and courageously.

• • •

G. Blair Gordon
President, Dominion Textile Co.

The new year holds forth considerable promise for the cotton textile industry. With a large volume of orders in hand the mills are operating close to capacity in most instances. All sections of the market for cotton goods in Canada have been heavy buyers in recent months and unless a substantial part of this buying has been of a speculative nature, which does not appear to be the case, we should not experience any drastic slowing down of business in the near future. In the face of rather sharp increases in the value of raw cotton, prices of cotton goods in this country have shown only moderate advances. It is generally appreciated that, in the long run, a conservative price policy is the best one for an industry such as our own, which depends for the volume of its sales on the buying power of the domestic market.

• • •

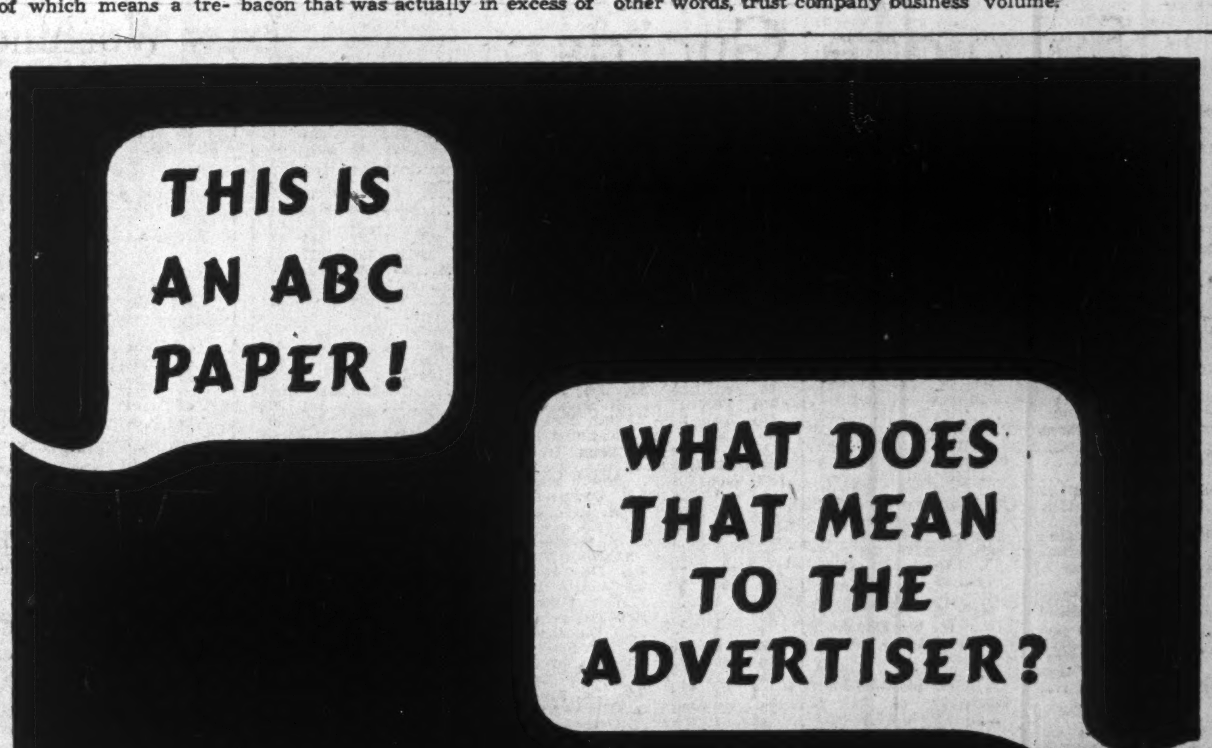
F. A. Warren
President, Gutta Percha & Rubber Ltd.

In considering the outlook for the Canadian rubber industry, volume in the domestic market may be expected to be about in line with that of Canadian industry generally.

Arising out of the war, export business has been dislocated by restrictive regulations, foreign exchange control, import limitations and even a complete embargo in some instances. It should be said, however, that the Canadian Government have been very helpful in their efforts to minimize the many difficulties wherever encountered.

Costs have already risen and indications are that this trend will continue. Higher taxes are already indicated. It should be remembered that the world supply of crude rubber comes very largely from the Far East, and thus is subject to wartime sea perils.

Rubber in a variety of forms is a necessity in the successful prosecution on the war, and the Canadian rubber industry is being called upon to supply certain essentials in some volume.



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Toronto and Montreal Exchange

The following table is confined to official prices for listed stocks, including curb market quotations. Where no transaction is recorded, bid and asked prices are given. For unlisted stocks, quotations by unlisted dealers are published. The Financial Post cannot accept any responsibility for such quotations.

THE WEEK'S QUOTATIONS

WEEK ENDING DECEMBER 25

Range 1939 High	Low	Div R'te $	Dec23 Y'ld %		Sales	Last Dec. 18	Week end. Dec. 25 H	L	Cl'se
				A					
3½	1	.	...	Abitibi	6804	2	2½	1¾	2
21½	3½	.	...	Do. pref. 6%	7448	14¾	16½	14½	16½
35	4	.	...	Do. pref. 7%	25	30	34	34	34
6	2	.	...	Acme Glove	....	(6 bid 6½ asked)			
65	50	3.25	...	Do. pref.	....	(— bid 65 asked)			
11½	9½	60+20c	7.3	Agnew Surp.	95	11	11	11	11
111	104	7	6.7	Do. pref.	....	104½ bid 110 asked			
[illegible]									

Range 1939 High	Low	Div R'te $	Dec23 Y'ld %		Sales	Last Dec. 18	Week end. Dec. 25 H	L	Cl'se
16½	11	80+5c	5	Gatineau Pwr.	380	15¾	15¾	15½	15¾
96	78	5	5.2	Do. pref.	143	94	95	94½	95
104	100	5.50	5.4	Do. 5½% pref.	20	101¾	101½	101½	101½
6	2¾	.	...	Do. Rights	50	5¾	5½	5½	5¾
12	4½	.	...	Gen. St. Wares	386	9¾	10	9	10
92½	55	7	...	Do. pref.	35	88	88¾	88½	88¾
90	66	2.50+2.50	6.2	Goodyear T.	70	78	80	77	80
58½	52½	2.50	4.3	Do. pref.	137	54½	57¾	54¾	54¾
50	50	2	...	Gould Pump p.	....	(— bid — asked)			
9½	5	.	...	Gt. Lakes Pap.	....	(— bid 9½ asked)			
28	12	1	...	Do. pref.	50	26	26½	26	26½
[illegible]									

T, U, V

[illegible]

W, Y, Z

[illegible]

Quotations: *1938. b New York quotations. a On account of arrears. †Plus extra of $2 payable Feb. 1, 1940. ‡ Interim.

Mining Stocks

Week Ending December 25.

Par Val.	Range 1939 High	Low	Company	Sales	Close Dec. 18 (or last)	High for week	Low for week	Close Dec. 25
[illegible]								

S, T, U, V, W, Y

[illegible]

Oil Stocks

[illegible]

Vancouver Stocks

[illegible]

Oil Quotations

Par Val.	Range 1939 High	Low	Company	Sales	Close Dec. 18 (or last)	High for week	Low for week	Close Dec. 25
[illegible]								
No	.23½	.17	Royal Canadian	10,500	.18	.18	.17	.17½
No	.11½	.02	South End	5,000	.07	.07	.07	.07
No	.75	.25	Southwest Pete	700	.40	.40	.40	.40
1	.12	.04	Spooner	......	(.11 Sept. 26)			
25c	.41	.30	Sunset Oil	......	(.33 bid ... asked)			
No	.16½	.06	United	1,000	.08	.07½	.07½	.07½
No	.13	.04½	Vanalta	......	(.05½ bid .08 asked)			
1	.90	.35	Vulcan	200	.54	.54	.54	.54
No	.07½	.03	West Flank	......	(.03 bid .04 asked)			

Winnipeg Stocks

(Transactions from Dec. 18 to Dec. 23)

	Sales	High for period	Low for period	Close Dec. 23
Athona (new)	1,000	.04½	.04½	.04½
Central Manitoba	2,900	.04½	.04¼	.04½
Dominion Envelope	20	7.00	7.00	7.00
Do., pref.	35	91.00	90.00	91.00
Federal Grain, pref.	420	47.25	46.00	46.00
Dickstone Copper	5,000	.01	.01	.01
Flin Flon	21,700	.01¾	.01½	.01½
Ore Grande	3,000	.03½	.03½	.03½
Reliance Grain, pref.	170	75.00	75.00	75.00
Sachigo River	5	6.00	6.00	6.00
United Grain	17	10.00	9.63	10.00
West. Steel	55	9.00	8.50	8.50
Wingold	17,250	.06¼	.06	.06
Winnipeg River Tin	300	.00½	.00½	.00½

Stocks Not Traded in During Week*

	Bid	Asked		Bid	Asked
Beaver Fire	75	..	Nor. Can. Mtg. p.	2.50	..
Beav. Lumber, c.	3⅛	..	Nor. Mtge.	1.50	..
Beav. Lumber, p.	100	..	North. Trusts	6	..
Can. Indemnity	119	..	Traders Bldg.	58	62
Fed. Grain, c.	2	3	West. Brew.	1.50	1.70
Home Invest.	10½	..	West. Grain, pf.	7.50	10.00

*Stocks more active on other exchanges not included.

Volume of Stock Sales

	Montreal Markets Indust.	Montreal Markets Mines	Toronto Markets Ind. & Mines	Vancouver Markets Ind. & Mines
Dec. 26	Holiday		542,000	Holiday
Dec. 25	Holiday	Holiday	Holiday	Holiday
Dec. 23	6,600	10,300	235,000	19,950
Dec. 22	17,200	36,000	475,000	30,915
Dec. 21	[illegible]	26,500	[illegible]	[illegible]
Dec. 20	[illegible]	[illegible]	[illegible]	[illegible]

Government Bonds

Dec. 26, 1939 (Supplied by Investment Dealers' Assoc. of Canada)

Dominion of Canada Bonds

%	Due		Bid	Ask	Approx. Yld.
1½	June	'40	100	100⅛	.80
4½	Sept.	'40	102¼	102½	.95
1	Mar.	'41	99¾	99⅞	1.11
5	Nov.	'41	105¾	106¼	1.72
1½	May	'42	99¼	99¾	1.66
2	June	'42	100¼	100¾	1.69
3	Oct.	'42	102¾	103¼	1.81
2½	June	'43	101¼	101¾	1.97
5	Oct.	'43	109¼	109¾	2.36
2	June	'44	99¼	99¾	2.09
a2½	Jan.	'44	95½	96½‡	3.24
4½	Oct.	'44	108¾	108¾	2.55
2½	Nov.	'44	100¾	100¾	2.31
a2½	Aug.	'45	95½	96½‡	3.24
4	Oct.	'45	104½	105	b2.84
4½	Feb.	'46	108½	109¼	2.85
3½	June	'49	99¾	100½	b3.16
3½	Oct.	'49	100¼	101¼	b3.22
3½	Nov.	'51	98½	99¼	3.32
a5	May	'52	105¾	‡106¾	b3.01
4	Oct.	'52	104	104¾	b3.31
3	June	'55	94¾	95½	3.37
4½	Nov.	'56	106½	107½	b3.32
4½	Nov.	'57	107¼	108	b3.34
3	June	'58	93¾	94¼	3.40
4½	Nov.	'58	107¾	108½	b3.39
4½	Nov.	'59	108¾	109½	b3.37
a4	Oct.	'60	98½	99½‡	4.05
a3½	Jan.	'61	89¾	90¾	3.90
3½	June	'66	96½	97½	3.41
a3e	Jan.	'67	84	86‡	3.84
a3e	Nov.	'68	85½	86½	3.78
a3†	Perpet'l.		87½	88½	3.40

Dominion Guaranteed Bonds
Can. Nat'l. Railways:

%	Due		Bid	Ask	Approx. Yld.
2	Feb.	'43	99½	100½	1.91
2½	Jan.	'46	96¾	97¾	2.65
3	May	'44	101¾	102¾	2.34
3	Dec.	'50	96	97	3.32
3	Feb.	'53	94¾	95¾	3.40
3	Jan.	'59	[illegible]	94	3.42
*4½	Sept.	'51	112	113	3.19
*4½	Feb.	'56	112¾	113¾	3.40
c4½	July	'57	113	114	3.43
*4½	June	'55	115¾	116¾	3.35
5	Feb.	'54	115	116	3.57
*5	July	'69	114	115	b2.53
*5	Oct.	'69	116½	117½	b3.33
*5	Feb.	'70	116½	117½	b3.35

Provincial Gov't. Bonds

%	Due		Bid	Ask	Approx. Yld.
New Brunswick:					
3	Oct.	'51	89½	91	3.93
3½	Aug.	'49	93½	94½	3.94
3½	June	'56	92½	94½	3.95
c4	Nov.	'47	99½	101½	b3.78
c4½	Apr.	'61	103½	105	4.15
c5	Jan.	'60	108	110	4.25
Nova Scotia:					
3	Jan.	'52	92½	94½	3.35
3	June	'56	93½	95½	3.61
3½	Nov.	'50	98	99	3.61
c4½	Sept.	'52	107½	109	b3.18
c4½	Nov.	'60	108	109½	3.84
c5	Mar.	'60	112½	114½	3.96
Ontario:					
2½	May	[illegible]	98	99	2.70
3	Apr.	'48	96½	97½	3.35
3	Nov.	'50	95	96	3.44
3½	Nov.	'51	97½	98½	3.43
*4	June	'62	104	106	3.61
4½	June	'50	108½	109½	3.44
*4½	Jan.	'62	111	113	3.64
5	Oct.	'48	111½	112½	3.39
*5	Dec.	'60	116	118	3.75
5½	July	'46	111½	112½	3.36
Ont. Hydro Commission:					
3	Aug.	'48	96½	97½	3.37
3½	Feb.	'53	96¾	97¾	3.46
3½	Apr.	'47	100	101½	3.26
Prince Edward Island:					
3	Oct.	'45	97½	99	3.19
Quebec:					
3	Nov.	'47	95	96	3.58
3	Nov.	'51	92½	94	3.62
3½	Mar.	'48	96	97½	3.63
3½	June	'52	94½	95½	[illegible]
4	Mar.	'52	100	102	[illegible]
4½	Aug.	'58	103	105	[illegible]
4½	Jan.	'63	106½	109	[illegible]
Alberta:					
4	Dec.	'54	61¾	63½	d
4½	Oct.	'51	67	..	d
c4½	Oct.	'56	63½	67½	d
*5	Oct.	'59	65	69	d
c5½	Apr.	'52	67	71	d
6	Mar.	'47	70	74	d
British Columbia:					
c4	Dec.	'57	96½	101½	[illegible]
*4½	Jan.	'51	101½	104½	[illegible]
c4½	Oct.	'53	101½	104½	4.07
c5	Apr.	'54	103¾	106¾	[illegible]
5½	Feb.	'45	103¾	106¾	[illegible]
6	Feb.	'47	105½	108½	[illegible]
Manitoba:					
c4	Dec.	'57	86½	90½	[illegible]
c4½	Dec.	'56	90¾	94¾	[illegible]
*5	Dec.	'59	96½	100½	[illegible]
5½	Oct.	'55	97½	101½	[illegible]
6	Apr.	'47	99½	103½	5.41
Saskatchewan:					
4	Sept.	'54	70	74	6.79
4	Nov.	'60	69	73	[illegible]
c4½	Oct.	'51	78	82	6.70
c4½	Mar.	'60	73½	77½	6.50
5	Aug.	'58	80½	84½	6.45
5½	Oct.	'52	83½	87½	6.97
6	Mar.	'52	86	90	[illegible]

*Payable Can., N.Y. & £. b–Calculated to call date giving lowest possible yield. c–Payable Can. & N.Y. a–Payable N.Y. †–Callable on or after Sept. 15, 1966. d–Traded flat. Interest being paid at 50% of coupon rate, minimum rate 2%. e–Callable at a premium. ‡–N.Y. funds.

Unlisted Mines

Toronto, Dec. 26, 1939

	Bid	Ask		Bid	Ask		Bid	Ask		Bid	Ask
Addington	.06½	.08	Dona Pat	.11	.13	Mart Bird	.03	.03½	Propriet	1.90	[illegible]
Albany R	.18	.19	Donwood	..	.04	Margaret	.10	.12	Presdor	.04	[illegible]
Allied IS	.43	.45	Dor Que	..	.14	Mat Can	.04½	.06	Que Mani	.17½	[illegible]
Am Kirk	.14½	.15½	Elmos	.07	..	Mof Hal n	..	.01½	Rahn L	..	.25
Amorada	..	.05	Franco	.50	.58	Mooshla	.06½	.08	Rand Mal	.18	[illegible]
Anoki	.15	.16	Frontier	.02½	.03	Mosher	.08½	.09½	RL Gold	.02	[illegible]
Arjon	.03	.04	Galore	.02½	.03½	Nat Mal	.37	.40	Rhyol R	.01½	.03
Armistice	.02½	.04	Gate Pat	.01	.02	Negus	.60	.70	Rose Gold	.06	..
Argosy	.07	.07½	Gate Pat	.01	.02	New Aug	.30	.32	Sachigo	6.00	6.50
Arno	.01	.02	Hallnor	7.25	7.75	New Rib	.02	.02½	Shenango	.03½	.04
Area	.03½	.04½	Hiawatha	..	.21	Nick Off	.75	.80	Sheldon	.03½	[illegible]
Athona	.03	.03¾	Hislop	.01½	.02½	Norbeau	.28	.33	Siscoe Ex	.02	.03
Barb Lard	.02½	.03½	Hoyle n	.37	.38	Norlake	.01	.02	Skynner	.04	[illegible]
Beresfd L	.16	.18	HP Porc	.05	.07	Norwin	.18	.20	Spooner	.05	[illegible]
Bilmac	.01½	.02½	Hutchisn L	.01½	.01¾	NA Mol	..	.75	Stadacona	.11	.12
Bounty	..	.25	Jason	.56	.59	Oklend	.14	.15	Sunbeam	.18	.20
Brown C	..	.75	Keora	.03¾	.04½	O'Leary M	.03	.04	Springer	.11	.13
Buf Beard	.05	.06	Kenricia	.06	.07	Opemiska	.05½	.06½	Thomn L	.18	.20
Calder Bo	.01½	.01¾	Kelrowe	.27	.30	Oriole	.02	.02½	Union Min	.05½	[illegible]
Can Rad	.12	.14	Kewagama	.01	.01¾	Orpit	.04	.06	Vermilata	..	.17
Cen Man	.04½	.05	Kiena	.11	.13	Ossian	.01½	.02	Walker P	.02½	[illegible]
Cheminis	.05½	.06	Kirk Gate	.02	.02½	Pascalis	.20	.25	Wells LL	.16	..
Coin Lake	.06½	.07½	Lacoma	.03¾	.04½	Pontiac n	.28	.30	West RL	.02	.03
Crescent	.05	.05½	Lake Duf	.25	.27	Phoen Mol	.07	.09	Winoga cum rights	.04½	.05
Crowshore	.05	.08	L Geneva	.13½	.15	Pont Ro	.10	.13	Woco	.10	.12
Dayton	.02¾	.03	Lardego	.04½	.05	Pelangio	.02½	.03½	Y David	.24	.25
Delnite	1.05	1.15	Magnet C	.81	.84	Polaris	.41	.44			
DeSant n	.18	.20	Magnet L	.16	..	Privateer	.91	.94			

Montreal, Dec. 26, 1939

	Bid	Ask		Bid	Ask		Bid	Ask		Bid	Ask
Beaucourt	..	.08	Dorval U	..	5.00	Plains P	.20	.30	Ribago N	.02	.03
Cad Exp	.05	.06	Fontana	..	.04	Porc Lake	.02	.03	South M	..	.07
Cont Kirk	.05	.06	Landor	..	.11	Obalski	.03¾	.04¾	Valdor M	.60	.70
Cournew	..	.28	L Rowan	.06½	.07½	Pan Can	.03	.03½	Warren'c	..	.08
Cuniptau	.02½	.03½	Mar McN	.02½	.03	Routh C	.03	.04			

Corporation Bonds

(Supplied by Investment Dealers' Association of Canada)

December 26, 1939

Public Utility Issues:	Int. Rate %	Due	Bid Dec. 26	Asked	Bid Dec. 19
†Assoc. Tel & T.	5½	'55	99½	103½	99½
Beauharnois P.	5	'73	100	104	100
B. C. Power	4½	'60	104	108	104
B. C. Tel.	4½	'61	103	107	103
†Calgary Pwr.	5	'60	102	106	102
Do.	5	'64	105½	109½	106
†Can. Nor. Pwr.	5	'53	98	102	96½
*Dom. Gas & El.	6½	'45	102½	106½	103
Gatineau Pwr.	5	'49	97	101	96½
Do., B	3¾	'68	100	104	100
Gt. Lakes Pwr.	4½	'56	85	89	85½
*Int. Hydro-El	6	'44	98	102	98
▲Inter. Power	6	'55	94½	98½	95
Macl'n-Que. Pr	4	'59	99	103	99
Mtl. L. H. & P.	3½	'56	80	84	80
Do.	3½	'73	93½	97½	93½
†Mtl. Tramways	5	'41	93½	97½	93½
†Do.	5	'55	67½	71½	67½
Nat. Lt. & Pwr.	6	'49	98½	102½	98½
N. S. Lt. Pr.	4	'57	99	103	99
Ottawa H. & P.	4	'57	100	104	100
Ottawa V. Pwr.	5	'59	102	106	101½
†Power Corp.	4½	'59	98½	102½	98
Quebec Pwr.	4	'62	100½	104½	100½
*Saguenay P., A	4½	'66	104	108	105
Do., B	4½	'66	101	105	102
Shaw. W. & Pr.	4	'61	98½	102½	98½
Union Gas	4½	'50	102	106	102
United Secs.	5½	'52	64½	68½	64½
Wpg. El., ser. A	4	'65	74½	78½	74½
Industrial and Realty Issues:					
†Abitibi P. & P.	5	'53	66	70	63½
Acadia Sugar	4½	'55	99	103	99
†Alta. Pa. Grain	6	'46	96½	100½	97
Atlantic Sugar	4	'51	98	102	98
†B. C. P. & Pap.	6	'50	78½	82½	77
*Brown Co.	5½	'46	56½	60½	54½
Burns & Co.	5	'58	66½	70½	66½
Canada Bread	6	'41	105	109	105
Canada Cement	4½	'51	102	106	102
Can. Paper	4½	'52	98	102	98
Can. Steamship	5	'57	89½	93½	90
Can. Canners	4	'51	101	105	101
*Can. Int. Paper	6	'49	99	103	99½
†Candn. Vickers	6	'47	66	70	67
C. P. R.	3½	'51	83	87	83½
Do.	4	'49	84	88	85
Do.	4½	'44	92½	96½	92
Do.	6	'42	101	105	101
†Consol. Paper	5½	'61	62½	66½	61
Dom. Coal	4½	'52	99	103	99
Dom. Stl. & Co.	6½	'55	107½	111½	108
Dom. Tar	4½	'51	99½	103½	99½
†Donnacona P.	4½	'56	81	85	81½
Famous Players	4½	'51	99	103	98½
†Federal Grain	6	'49	97	101	97½
†Fraser Cos.	6	'50	96	100	96
Gen. Stl. Wares	4½	'52	98	102	98
*Great Lakes P.	5	'55	89½	93½	90½
†Gypsum, Lime	5½	'48	98	102	98½
Ham. By-Pr. C.	5	'55	100	104	100
Inter-City Bak.	5½	'48	101	105	101
*Inter. P., Nfld.	4½	'68	94	98	95
Lake St. J. P.	5½	'61	88½	92½	88
Maple Leaf M.	3	'58	74	78	73½
Massey-Harris	4½	'54	92½	96½	92½
McColl-Fron.	4½	'49	100	104	100½
McCormick's	4	'52	90	94	90
*M. & O. Paper	6	'45	49	53	47
Nat. Grocers	4	'47	101	105	101
N. S. Stl. & Co.	3½	'63	81	85	80½
Price Bros.	5	'57	95½	99½	95½
*Prov. Paper	5½	'47	102	106	102
Reliance Grain	4½	'52	92½	96½	92½
†Restigouche Co.	6	'48	96	100	97
Rolland Paper	4½	'51	101	105	101
Simpsons Ltd.	4½	'51	98½	102½	98½
Smith, Howard	4½	'51	101½	105½	101½
†Steel of Can.	6	'40	111	115	111
*United Gas	5½	'48	102½	106½	102
United Gr. Grs.	5	'48	96½	100½	96½
†Western Grain	6	'49	48	52	48

*Payable in Can. or U. S.
†Payable in Can., U. S. or U. K.
▲Payable in Can. or U. K.
*Payable in U. S. only.

Mining Dividends

		Close Dec. 23	Yield %
Beattie Gold	15c	1.05	14.2
Bralorne	80c+40c	11.25	*10.7
Buffalo Ankerite	75c	8.25	9.1
Bulolo Gold	$3	23.50	12.8
Can. Malartic	9c	.75	12
Cariboo Gold	18½c+7½c	2.10	*12.4
Central Patricia	16c+5c	2.43	*8.6
Coniagas	25c	1.60	..
Coniaurum	16c	1.70	9.4
Cons. Smelters	$1+$1	47.50	*4.2
Dome Mines	$2	28.75	6.9
Falconbridge	30c	4.00	7.5
God's Lake	†5c	.64	..
Goldale	†2c	.19	..
Gunnar Gold	6c	.49¼	12.1
Hard Rock	†4c	1.30	..
Hollinger	65c+45c	14.75	*7.4
Howey Gold	5c	.38½	12.9
Hudson Bay	$1.75	31.50	5.5
Inter. Mining	45c	9.87	4.5
Inter. Nickel, com.	$2	45.50	4.4
Island Mountain	15c	.85	17.6
Kerr Lake	15c	.50	..
Kirkland Lake	8c+2c	1.44	*6.9
Kootenay Belle	16c+2c	.75	..
Lamaque Gold	40c+17c	8.50	*6.6
Lake Shore	$3.75	27.75	13.5
Leitch	8c	.86	9.3
Little Long Lac	30c	2.99	10
Macassa	20c+12½c	4.25	*7.6
McGillivray Coal	3c	.23	..
McKenzie Red L.	12c+2c	1.36	*10.3
McWatters	10c	.57	..
Moneta	12c	.81½	14.7
McIntyre Porc.	$2+$1	57.00	*5.3
Nipissing	15c	1.23	12.1
Noranda	$4	76.75	5.2
North Empire	75c	9.60	7.8
O'Brien Gold	20c	1.59	12.6
Pamour Porc.	12c	2.10	5.7
Pato Cons.	20c	2.25	..
Paymaster	2c	.39	..
Perron Gold	16c+4c	1.83	*10.9
Pioneer, B.C.	40c	2.12	18.8
Pickle Crow	40c	4.10	9.7
Placer Develop.	$1.20	13.00	9.2
Premier	12c	1.35	8.9
Preston E. Dome	†5c	2.25	..
Privateer Mine	20c+2c	.94	..
Powell Rouyn	5c	2.02	..
Quebec Gold	†2c	.35	..
San Ontonio	14c	2.48	5.6
Sheep Creek	16c+8c	1.21	*15.6
Silbak Prem.	16c	1.17	13.7
Siscoe	12c+1c	.77	*16.8
Sudbury Basin	5c	1.95	..
Sullivan Cons.	6c+1c	.73	*9.6
Sylvanite Gold	20c+5c	3.20	*7.8
Teck-Hughes	40c+3c	3.95	*10.8
Toburn	8c+8c	1.50	*10.6
Ventures	15c	4.30	3.4
Wright-Harg.	40c+30c	7.80	*9

*Yield including bonus. †Initial.

Municipal Bonds

Dec. 26, 1939

†Halifax	5	1961	110.00	112.00	4.15
Hamilton	5	1950	110.60	112.60	3.55
Montreal	5	1945	99.50	101.00	4.78
Ottawa	4½	1945	105.65	107.65	3.00
†Quebec	5	1959	105.00	107.00	4.46
Saint John	5	1950	106.00	108.00	4.09
†Toronto	4½	1955	110.85	112.85	3.40
†Vancouver	5	1950	98.00	102.00	4.75
Winnipeg	5	1944	101.00	104.00	3.96

†Payable Can. and N.Y.

Investment Trusts

	Bid	Asked
Affiliated Fund	3.65	4.00
Can. Amer. Trust	3.85	4.10
All Can. Trustee	12.75	13.60
Grouped Income	....	6.00
Trans-Canada Shs.	12.50	13.60

Supplementary Bond Quotes

Comparative Prices of Unlisted Bonds, 1937-1938-1939
(Furnished by A. J. Pattison, Jr., & Co., Toronto)

	1937 Bid	1937 Asked	1938 Bid	1938 Asked	Dec. 26, 1939 Bid	Dec. 26, 1939 Asked
Industrial Bonds						
Ames Holden Tire 7% 1943	73.00	77.00	83.00	87.00	89.00	....
B. C. Pulp & Paper 6% 1950	94.50	96.50	75.00	78.00	79.00	84.50
B. C. Pulp & Paper 7% 1950	108.00	112.00	90.00	95.00	72.00	....
Burns 5% 1958 (Income)	58.00	....	49.00	52.00	67.00	69.00
Canada Bread 6% 1941	104.50	107.00	106.00	107.00	103.00	....
Canada Dairies 5% 1961	....	....	45.00	....	66.00	70.00
Canada Machinery 6% 1940	90.00	95.00	99.00	....	98.50	....
Can. Bakeries 6½% 1945	97.00	99.00	100.50	....	101.00	....
Can. Locomotive 6% 1953	50.00	55.00	52.00	54.00	80.00	84.00
Can. Theatre 5% 1951	55.00	60.00	46.00	49.50	49.00	....
Dom. Scottish Invest. 4% 1952	92.00	94.00	93.50	96.00	94.00	96.00
Dom. Woollens 6% 1953	51.00	53.00	48.00	51.00	80.00	83.00
Dufferin Paving 5% 1955 A	67.00	70.00	63.00	....	53.00	....
Eastern Dairies 6% 1949	45.00	50.00	41.00	45.00	64.00	67.00
Economic Invest. Trust 5% 1957	100.00	103.00	100.00	103.00	100.00	102.00
Great West Saddlery 6% 1949	90.00	....	97.00	100.00	99.00	101.00
Gurney Foundry 5½% 1949 W.S.	21.00	24.00	24.00	26.50	47.50	50.00
Invest. Bond & Share 5% 1947	55.00	65.00	55.00	58.00	59.00	60.75
Lon. Can. Invest. Corp. 4½ 1948	86.00	88.00	87.50	91.00	78.00	81.00
Mercury Mills 5½% 1953	60.00	65.00	48.00	51.00	71.00	73.00
New Method Laundry 6% 1949	101.00	....	102.00	104.50	101.00	....
Ruddy, E. L. 6½% 1948	97.00	99.00	97.00	100.50	98.00	101.00
Sterling Coal 6% 1940	....	....	92.00	95.00	91.75	93.50
Stop & Shop 6% 1947	23.00	30.00	34.50	37.00	50.00	....
Uchi Gold 6% 1941	....	....	93.00	96.00	95.00	97.00
United Amusement 5% 1959	96.00	98.00	96.50	99.50	97.00	....
United Corps. 5% 1953	96.00	98.00	96.00	99.00	97.00	99.00
United Grain Growers 5½% 1949	75.00	78.00	92.00	95.00	100.00	102.50
Realty Bonds						
Adelaide Peter 6¼% 1948	42.00	44.00	36.00	38.50	32.00	34.50
Adelaide Sheppard 7% 1948	27.00	29.00	19.50	21.50	19.00	21.00
Albert Bay 6½% 1942	69.00	73.00	55.00	....	37.00	....
Alexandra Apts. 6½% 1940	....	....	38.50	42.00	35.00	40.00
Balfour Bldg. 6% 1943	28.00	31.00	30.50	....	33.00	36.00
Bay Adelaide 6½% 1947	28.50	31.00	33.00	....	33.50	38.00
Bay Cumberland 6½% 1944	32.00	35.00	....	....	13.00	16.00
Bay St. Albans 4% 1953	....	....	....	....	47.00	31.00
Bloor St. George 7% 1946	52.00	56.00	40.00	45.00	34.00	37.00
Clarendon Apts. 7% 1946	29.00	33.00	27.50	29.50	25.00	27.00
Clarendon Properties 7% 1947	29.00	33.00	27.50	29.50	25.50	27.50
Dominion Square Corp. 4% 1959	47.00	50.00	48.00	50.50	64.00	68.00
General Brock Hotel 3% 1954	27.00	30.00	27.50	30.00	32.00	....
Godfrey Realty 6% 1942	42.00	44.00	39.00	42.00	40.00	43.00
Lombard Realty 5% 1951	37.00	40.00	37.00	40.00	25.00	27.00
London Realty 6½% 1950	92.50	94.50	85.00	88.00	79.00	84.00
Ontario Bldg. 3½% 1943	28.00	32.00	28.00	32.00	29.00	32.00
Richmond Bay 6½% 1947	94.00	97.00	96.00	100.00	98.00	101.00
Richmond Bldg. 7% 1947	18.00	23.00	16.00	19.00	16.00	18.00
Trinity Bldg. 4% 1953	....	....	....	....	7.50	9.50
Wellington Bldg. 6½% serial	41.00	45.00	44.00	48.00	43.00	48.00
Windsor Arms 6½% 1947	....	....	88.00	....	98.00	....
Windsor Court Apts. 6% 1948	[illegible]	[illegible]	[illegible]	....	[illegible]	[illegible]

Dividends Declared

	This payment	Date payable	Date of record
Agnew Surpass, pf.	$1.75	Jan. 2	Dec. 15
Asbestos Corp.	15c	Dec. 31	Dec. 15
Do., bonus	35c	Dec. 31	Dec. 15
Amer. Cyan., A, B	†15c	Jan. 2	Dec. 15
Do., pref.	†12½c	Jan. 2	Dec. 15
Assoc. Brew., pref.	$1.75	Jan. 1	Dec. 15
Acme Glove, pf.	$3.25	Jan. 2	Dec. 20
Ang. Nor. Hold., p.	*$3.50	Dec. 31	Dec. 29
Alta W. Pres., pf.	$1.75	Jan. 2	Dec. 23
Barker's Bread, p.	62½c	Dec. 30	Dec. 23
Beatty Bros., 1st pf.	$1.50	Feb. 1	Jan. 15
Bell Telephone	$2	Jan. 15	Dec. 23
Bralorne Mines	20c	Jan. 15	Dec. 30
Do., extra	10c	Jan. 15	Dec. 30
Brit. Amer. Oil	25c	Jan. 2	Dec. 16
Brazil. Traction, p.	$1.50	Jan. 2	Dec. 15
Burlington Steel	15c	Jan. 2	Dec. 15
Buff. Ankerite	12½c	Jan. 2	Dec. 15
Belding-Cort.	$1	Jan. 2	Dec. 15
Do., pref.	$1.75	Jan. 2	Dec. 15
Bk. of N. Scotia	$3	Jan. 2	Dec. 16
Beatty Bros., 2nd p.	$3.50	Jan. 2	Dec. 15
Blue Top Brew., A	30c	Dec. 30	Dec. 15
B. C. Power, A	50c	Jan. 15	Dec. 31
Building Prod.	17½c	Jan. 2	Dec. 15
Do., extra	10c	Jan. 2	Dec. 15
Brant. Cordage, pf.	32½c	Jan. 15	Dec. 20
Brit. Mtge. & Tr.	$4	Jan. 2	Dec. 15
B. C. Elec. P. & G. p	$1.50	Jan. 2	Dec. 30
B. C. Telephone, p.	$1.50	Jan. 1	Dec. 16
Brockville Trust	62½c.	Jan. 2	Dec. 20
Do., extra	37½c	Jan. 2	Dec. 20
Carnation Co., c.	†50c	Jan. 2	Dec. 15
Do., extra	$1	Dec. 19	Dec. 15
Can. Dredge	$1.50	Jan. 31	Jan. 17
Can. Cycle, c.	25c.	Dec. 31	Dec. 15
Do., extra	25c	Dec. 31	Dec. 15
Can. Cycle, pfd.	$1.25	Dec. 31	Dec. 15
Cent. Can. Loan	$2	Jan. 2	Dec. 15
Cent. Pat. Gold	4c	Jan. 2	Dec. 15
Do., extra	2c	Jan. 2	Dec. 15
Can. Breweries, pf.	50c	Jan. 2	Dec. 15
Cosmos Imp., pref.	$1.25	Jan. 15	Dec. 30
Can. Cottons	$1	Jan. 2	Dec. 15
Do., pref.	$1.50	Jan. 2	Dec. 15
Can. Gen. Elec.	$1.50	Jan. 1	Dec. 15
Cel. of Am., part. p.	$3.50	Dec. 31	Dec. 15
Do., prior pfd.	$1.75	Jan. 1	Dec. 15
Can. Perm. Mtge.	$2	Jan. 2	Dec. 15
Chart. Trust	$1	Jan. 2	Dec. 15
Do., extra	$1	Jan. 2	Dec. 15
Can. Bread, 1st pf.	$1.25	Jan. 2	Dec. 15
Do., B pref.	62½c	Jan. 2	Dec. 15
Do., arrears	37½c	Jan. 2	Dec. 15
Can. North. Pwr.	30c	Jan. 25	Dec. 30
Do., pref.	$1.75	Jan. 15	Dec. 30
Can. West'ghouse	37½c	Jan. 2	Dec. 20
Cariboo Gold	4c	Jan. 2	Dec. 6
Do., bonus	2c	Jan. 2	Dec. 6
Canada Packers	75c	Jan. 2	Dec. 15
Can. Celanese	25c	Dec. 30	Dec. 15
Do., extra	$1.50	Dec. 30	Dec. 15
Do., pref.	$1.75	Dec. 30	Dec. 15
Do., inc. fd. rights	$1	Mar. 15	Dec. 31
Crown Life	3%	Jan. 2	Dec. 30
Canada Life	$5	Jan. 2	Dec. 31
Can. For. Inv., p.	$2	Jan. 1	Dec. 15
Confed. Life	$1.50	Dec. 31	Dec. 25
Can. Canners, pfd.	25c	Jan. 2	Dec. 15
Do., 2nd pfd.	15c	Jan. 2	Dec. 15
Canadian Oil, pf.	$2	Jan. 2	Dec. 20
Can. Silk Prod., A	37½c	Jan. 2	Dec. 15
Can. Wire. Box, A	37½c	Jan. 2	Dec. 15
Cons. Smelters	50c	Dec. 30	Dec. 9
Do., extra	$1	Dec. 30	Dec. 9
Comm. Alcohols, p.	10c	Jan. 15	Jan. 2
Cons. Bakeries	25c	Jan. 2	Dec. 16
Do., extra	25c	Jan. 2	Dec. 16
Carnation, 1st pf.	†$1.25	Jan. 2	Dec. 18
Coronation Rylts.	2½c	Jan. 3	Dec. 20
Canada Trust	$5	Jan. 2	Dec. 15
Can. Fairbanks, pf.	$1.50	Jan. 15	Dec. 30
Can. Light & Pr.	50c.	Jan. 15	Dec. 26
Consumers' Gas	$2.50	Jan. 2	Dec. 15
Can. Bk. of Com.	$2	Feb. 1	Dec. 30
Can. Fire Ins.	$2	Jan. 2	Dec. 20
Can. & For. Secs.	6c	Feb. 1	Jan. 16
Can. Gen. Invest.	12½c	Jan. 15	Dec. 30
Can. Industries, p.	$1.75	Jan. 15	Dec. 30
Can. Bronze	37½c	Feb. 1	Jan. 19
Do., extra	50c	Feb. 1	Jan. 19
Do., pref.	$1.25	Feb. 1	Jan. 19
Chartered Trust	$1	Jan. 2	Dec. 15
Dom. Tar & Ch. p.	$1.37½	Feb. 1	Jan. 16
Dom. Oilcloth	30c	Jan. 31	Jan. 15
Do., extra	10c	Jan. 31	Jan. 15
Dominion Bank	$2.50	Feb. 1	Jan. 20
Dom. Foundries, c.	25c	Jan. 2	Dec. 20
Debent. & Sec., p.	$5	Jan. 2	Dec. 23
Dom. Textile	$1.25	Jan. 2	Dec. 15
Do., pref.	$1.75	Jan. 15	Dec. 30
Dist. Seagram, p.	†$1.25	Feb. 1	Jan. 15
David & Frere, A	15c	Dec. 30	Dec. 15
Do., extra	10c	Dec. 30	Dec. 15
Do., bonus	25c	Dec. 30	Dec. 15
Dunlop Tire, c.	50c	Dec. 29	Dec. 15
Do., 1st pref.	62½c	Dec. 31	Dec. 15
Dom. Coal, pfd.	38c	Jan. 2	Dec. 15
Dom. Glass	$1.25	Jan. 2	Dec. 15
Do., pref.	$1.75	Jan. 2	Dec. 15
East. Can. Sav.	$1.50	Jan. 2	Dec. 29
Do., extra	$1	Jan. 2	Dec. 29
Eastern Trust	$2	Jan. 2	Dec. 20
East. Steel, pfd.	25c	Jan. 1	Dec. 15
East. Steel, c.	$1	Feb. 1	Jan. 15
Easy Wash., pfd.	17½c	Jan. 15	Jan. 2
Edm. C. Dairy, pf.	$1.25	Jan. 1	Dec. 15
Excelsior Life	4%	Jan. 2	Dec. 30
Frontier Rylts.	2c	Jan. 3	Dec. 20
Granville Oils	.00½	Dec. 30	Dec. 19
Gatineau Pwr.	20c	Dec. 30	Dec. 1
Do., extra	5c	Dec. 30	Dec. 1
Do., 5% pref.	$1.25	Jan. 1	Dec. 1
Do., 5½% pref.	$1.38	Jan. 1	Dec. 1
Goodyear Tire	63c	Jan. 2	Dec. 15
Do., extra	$2.50	Jan. 31	Dec. 30
Do., pref.	62½c	Jan. 2	Dec. 15
Great-West Life	$3.75	Jan. 2	Dec. 20
Greening Wire	15c	Jan. 2	Dec. 15
Guaranty Trust	$2.50	Jan. 15	Dec. 31
Gen. Trust., pfd.	$1.50	Jan. 2	Dec. 23
Goderich Elev.	25c	Jan. 2	Dec. 15
Gt. Lakes' Pwr., pf.	$1.75	Jan. 15	Dec. 30
Guelph & Ont. Inv.	$1.50	Jan. 2	Dec. 20
Guelph Trust	$1.25	Jan. 2	Dec. 20
Gt. Lakes Pap., A, B	a$1	Dec. 30	Dec. 27
Grey & Bruce Tr.	2%	Jan. 2	Dec. 20
Do., extra	1%	Jan. 2	Dec. 20
Guar. of N. Am.	$1.50	Jan. 15	Dec. 31
Do., extra	$2.50	Jan. 15	Dec. 31
Hudson's Bay, pfd.	2½%	Jan. 2	Dec. 31
Harding Carpets	10c	Jan. 2	Dec. 18
Do., extra	5c	Jan. 2	Dec. 18
Hard Rock Gold	4c	Dec. 30	Dec. 16
Ham. Cotton, pf.	50c	Jan. 2	Dec. 15
Huron & E. Mtge.	1%	Jan. 2	Dec. 15
H. Smith Pap., pf.	$1.50	Jan. 15	Dec. 31
Ham. Un. Thea., p.	$1.50	Dec. 30	Nov. 30
Hollinger Cons.	5c	Dec. 30	Dec. 15
Do., extra	5c	Dec. 30	Dec. 15
Indust. Mtge.	$1	Jan. 2	Dec. 15
Inter. Power, pref.	$1.50	Jan. 2	Dec. 15
Inter. Nickel, pfd.	†$1.75	Feb. 1	Jan. 2
Do., com.	†50c	Dec. 30	Dec. 1
Imperial Tob., ord.	10c	Dec. 30	Dec. 8
Indust. Accept., A	50c	Dec. 30	Dec. 15
Do., pref.	$1.25	Dec. 30	Dec. 15
Inter. Milling, pf.	†$1.25	Jan. 15	Dec. 30
Imperial Bank	$2.50	Feb. 1	Dec. 30
Int. Bronze	37½c	Jan. 15	Dec. 31
Do., pref.	37½c	Jan. 15	Dec. 31
Intercol. Coal	$2	Jan. 2	Dec. 21
Do., pref.	$4	Jan. 2	Dec. 21
Inv. Found., pf.	75c	Jan. 15	Dec. 30
Do., arrears	50c	Jan. 15	Dec. 30
Jam. Pub. Serv.	50c	Jan. 2	Dec. 22
Do., pref.	$1.75	Jan. 2	Dec. 22
Lambton Loan	$1	Jan. 2	Dec. 15
Lamaque Gold	10c	Jan. 1	Dec. 8
Landed Banking	$1	Jan. 2	Dec. 15
Lang, John A.	17½c	Jan. 2	Dec. 15
Mercantile Trans., pf.	3%	Dec. 31	Dec. 20
Midland Loan	40c	Jan. 2	Dec. 15
Moneta Porc.	3c	Jan. 15	Dec. 30
Mtl. C. & D. Sav.	$3	Jan. 2	Dec. 15
Do., extra	$1	Jan. 2	Dec. 15
McColl-Front., pf.	$1.50	Jan. 15	Dec. 30
McManus Pete., p.	30c	Jan. 3	Dec. 26
Do., com.	30c	Jan. 3	Dec. 26
McIntyre Porc., extra	$1	Jan. 2	Nov. 1
Melchers, pref.	30c	Dec. 30	Dec. 15
Mtl. L., H. & Pwr.	38c	Jan. 31	Dec. 30
Mtl. Tramways	$1.50	Jan. 15	Jan. 4
Mitchell, J. S., p.	$1.75	Jan. 2	Dec. 15
Mod. Containers	20c	Jan. 2	Dec. 20
Do., pref.	$1.37½	Jan. 2	Dec. 20
Moore Corp.	40c	Jan. 2	Dec. 7
Do., extra	60c	Jan. 2	Dec. 7
Do., pref. A, B	$1.75	Jan. 2	Dec. 7
Mtl. Telegraph	†65c	Jan. 15	Dec. 30
Monarch Life	$1.20	Jan. 2	Dec. 20
Manufacturers Life	$6	Jan. 2	......
New Eng. Pwr., pf.	†$1.50	Jan. 2	Dec. 20
Do., $2 pref.	†50c	Jan. 2	Dec. 20
National Brew.	50c	Jan. 2	Dec. 15
Do., pref.	43c	Jan. 2	Dec. 15
Nat. Grocers, pf.	37½c	Jan. 1	Dec. 15
Nat. Steel Car	50c	Jan. 15	Dec. 30
Niag. W. Weav.	35c	Jan. 2	Dec. 15
N. S. Light Pr., ord.	$1.50	Jan. 2	Dec. 16
National Trust	$2	Jan. 2	Dec. 20
North Star Oil, p.	8¾c	Jan. 2	Dec. 18
Ogilvie Flour, c.	25c	Jan. 2	Dec. 18
Ont. Loan & Deb.	$1.25	Jan. 2	Dec. 15
Ottawa Car & Air.	40c	Dec. 30	Dec. 29
Ottawa L. Pr.	25c	Jan. 1	Dec. 6
Do., pref.	$1.25	Jan. 1	Dec. 6
Page-Hersey	$1	Jan. 2	Dec. 15
Do., extra	50c	Jan. 2	Dec. 15
Paymaster Cons.	1c	Jan. 5	Dec. 23
Power Corp., pfd.	$1.50	Jan. 15	Dec. 30
Do., 2nd pref.	75c	Jan. 15	Dec. 30
Pioneer Gold	10c	Jan. 2	Nov. 30
Pickle Crow	10c	Dec. 30	Dec. 15
Porto Rico, pf.	$1.75	Jan. 2	Dec. 15
Premier Gold	3c	Jan. 15	Dec. 18
Preston E. Dome	5c	Jan. 15	Jan. 5
Price Bros., 1st p.	$1.37½	Dec. 30	Dec. 19
Do., arrears	$1.37½	Dec. 30	Dec. 19
Powell Rouyn G.	5c	Jan. 15	Dec. 30
Prov. Paper, pref.	$1.75	Jan. 2	Dec. 15
Premier Trust	$2	Dec. 30	Dec. 20
Quebec Power	25c	Feb. 15	Jan. 25
R. S. Mills, A	50c	Jan. 2	Dec. 15
Real Est. Loan	$1	Jan. 2	Dec. 15
Remington Rand, c.	20c	Jan. 2	Dec. 11
Do., pref.	$1.12½	Jan. 2	Dec. 11
Russell Ind.	$1.75	Dec. 30	Dec. 15
Do., pref.	$1.75	Dec. 30	Dec. 15
Sher.-Williams, p.	$1.75	Jan. 2	Dec. 15
Stand. Steel, p.	75c	Jan. 1	Dec. 15
Sylvanite G.	†5c	Dec. 30	Nov. 18
Supersilk H., pfd.	$2.50	Jan. 2	Dec. 15
South. Can. Pr., p.	$1.50	Jan. 15	Dec. 20
Do., com.	20c	Feb. 15	Jan. 31
Secs. Holding, pf.	65c	Jan. 2	Dec. 20
Sterling Trusts	$1.50	Jan. 2	Dec. 20
Supertest P., ord. c.	50c	Jan. 2	Dec. 15
Do., extra	50c	Jan. 2	Dec. 15
Do., pref. (B)	75c	Jan. 2	Dec. 15
Sun Life	$3.75	Jan. 1	Dec. 16
Stand. Fuel, p.	$1	Jan. 1	Dec. 15
Stedman, pref.	75c	Jan. 2	Dec. 20
Do., com.	15c	Jan. 2	Dec. 20
Sheep Creek G.	4c	Jan. 15	Dec. 30

Week in Wheat

Serious Crop Loss Confirmed in U.S.

Sharp Advances at Chicago Follow Further Disturbing News From American Winter Wheat Belt — Usual Holiday Dullness Absent

From Our Own Correspondent

WINNIPEG.—Holiday dullness did not last long in world wheat markets. Sharp advances at Chicago early this week wiped out pre-Christmas declines.

Interest continues to focus on the American winter wheat belt where each day brings confirmation of further losses. Serious drought last fall and unfavorable winter weather have combined to make certain a decidedly below average winter wheat crop.

Lack of moisture in the spring wheat areas of both United States and Canada is also causing alarm.

Canadian Wheat Moderate

The most expensive wheat in the world during the next 18 months is likely to be that of the United States. The cheapest is likely to be that of Australia, where the government is planning to force a reduction of acreage, as it is unlikely that ships can be found to export all that can be produced from the present area. Canadian wheat will come in between, and in addition, prove more valuable than southern hemisphere wheat because of the ease and cheapness of transport to Great Britain and Europe. If this is a year of advance in the basic world price of wheat, it is also a year of advance in the premium value of Canadian compared with other wheats—always, of course, excepting the wheat of the United States, which is on a domestic basis.

* * *

Market is Free

There is nothing yet to prove that the Canadian and British authorities see eye to eye with respect to the proper price of wheat. It is taken for granted that the British importing authorities still desire to obtain wheat as cheaply as possible. But every day which passes puts farther away, and more out of mind, the disastrously low prices for wheat which prevailed prior to the outbreak of war. Prices could advance very considerably from present levels, it is believed, without giving cause of complaint to anyone.

The Canadian Government, it may be assumed, still regards as desirable a further advance in wheat prices, and there is nothing to suggest that it will offer wheat board stocks in any way to impair the strength of the market until a substantial advance from present levels is recorded.

So far as neutral countries are concerned wheat is still very cheap. They have lately been paying almost 50% of the sea board cost of wheat to transport it across the Atlantic.

* * *

See Further Advance

In spite of the risk of prophecy it seems fairly safe to say that there is little in sight to justify the expectation of any lower prices of wheat than now prevail. The reasonable probabilities are in favor of at least some advance, as the crop year advances toward its close, and the forces making for higher prices become more evident. Should crop yields outside of North America be normal, such advance as takes place might proceed moderately and gradually. But there is at least a chance, such as always exists, that weather will produce a less than average crop in Europe.

* * *

U. S. Drought

Are drought conditions returning to the southern United States? The current grain letter of Jas. Richardson & Sons states:

"A study of meteorological records reveals that the state of Kansas received only 29% of normal precipitation during the three months September, October and November, Oklahoma 41% of normal, Texas 59% and Nebraska 25%. All the important agricultural states of the Union received 60% or less of normal precipitation during these three months.

"The continuation of dry weather gives confirmation to the low estimates of the winter wheat crop released by private observers at the beginning of December and raises serious doubts as to the outcome of spring wheat crops in the northwestern spring wheat states. Just as in Canada, fall rains in that area provide a reserve of moisture which may be of the utmost importance to the following year's crop. A scarcity of fall rains does not necessarily mean a short crop but it does mean that spring and summer rains have to be fully up to normal to offset the initial handicap of poor reserves."

DIVIDEND NOTICES

The Canadian Bank of Commerce

Dividend No. 212

Notice is hereby given that a dividend of two per cent in Canadian funds on the paid-up capital stock of this Bank has been declared for the quarter ending 31st January, 1940, and that the same will be payable at the Bank and its Branches on and after Thursday, 1st February next, to shareholders of record at the close of business on the 30th December, 1939. The Transfer Books will not be closed.

By Order of the Board,
A. E. ARSCOTT,
General Manager.

Toronto, 15th December, 1939.

The Dominion Bank

Dividend No. 229

Notice is hereby given that a Dividend of two and one-half per cent upon the paid up Capital Stock of this Institution has been declared for the quarter ending January 31st, 1940. The dividend will be payable at the Head Office of the Bank and its Branches on and after Thursday, the first day of February, 1940, to shareholders of record of the 20th January, 1940.

By Order of the Board,
ROBERT RAE,
General Manager.

Toronto, 14th December, 1939.

Imperial Bank of Canada

DIVIDEND No. 198

Notice is hereby given that a Dividend of two and one half per cent (2½%) has been declared for the quarter ending the 31st January, 1940, payable at the Head Office and Branches on and after Thursday, the 1st day of February next, to shareholders of record of 30th December, 1939.

By order of the Board.

H. T. JAFFRAY,
General Manager.

Toronto, 13th December, 1939.

The Toronto Mortgage Company

Quarterly Dividend

Notice is hereby given that a dividend of $1.50 per share, upon the paid-up Capital Stock of this Company, has been declared for the current Quarter, and that the same will be payable on and after

2nd January, 1940,

to Shareholders of record on the books of the Company at the close of business on 15th instant.

By Order of the Board,
WALTER GILLESPIE,
Manager.

7th December, 1939.

Canadian Bronze Company Limited

DIVIDEND NOTICE

THE quarterly dividend of 1¼%, on the PREFERRED STOCK of CANADIAN BRONZE COMPANY, LIMITED, has been declared payable the 1st day of February, 1940, to Stockholders of record as of the 19th day of January, 1940.

Also a quarterly Dividend of Thirty-seven and one-half (37½c) Cents per Share, together with an interim dividend of Fifty (50c) Cents per Share, have been declared on the present outstanding COMMON STOCK of CANADIAN BRONZE COMPANY, LIMITED, for the three months ending January 31st, 1940. Payable the 1st day of February, 1940, to Stockholders of record as of the 19th day of January, 1940.

By Order of the Board,
W. C. PAQUETTE,
Secretary.

Montreal, P.Q.,
December 21st, 1939.

Dividends Declared (Cont'd)

Do., bonus	1c	Jan. 15	Dec. 30
Steel of Can.	43¾c	Feb. 1	Jan. 5
Do., extra	$2	Feb. 1	Jan. 5
Do., pref.	43¾c	Feb. 1	Jan. 5
Shawinigan W.	23c	Feb. 15	Jan. 25
Trusts & Guar.	$1	Jan. 2	Dec. 19
Tuckett Tob., pf.	$1.75	Jan. 15	Dec. 30
Tip Top Tailors	15c	Jan. 2	Dec. 20
Do., pref.	$1.75	Jan. 2	Dec. 20
Thayers, pref.	$3.50	Jan. 1	Dec. 16
Toronto Mtge.	$1.50	Jan. 2	Dec. 15
Tamblyn	20c	Jan. 2	Dec. 14
Do., pref.	62½c	Jan. 2	Dec. 14
Tor. Gen. Trusts	$1	Jan. 2	Dec. 16
Teck-Hughes	10c	Jan. 1	Dec. 8
Traders Fin., A rts.	$1	Jan. 2	Dec. 15
Do., B rights	$1	Jan. 2	Dec. 15
Do., 6% pref.	$1.50	Jan. 2	Dec. 15
Do., 7% pref.	$1.75	Jan. 2	Dec. 15
United Fuel, A pf.	75c	Jan. 2	Dec. 20
Viau, pref.	$1.25	Jan. 2	Dec. 20
Vulcan Oils	5c	Jan. 10	Dec. 20
Wabasso Cotton	38c	Jan. 2	Dec. 23
Western Assur., pf.	$1.20	Jan. 3	Dec. 31
Weston, pref.	$1.25	Feb. 1	Jan. 15
Waterloo Trust	$2.50	Jan. 2	Dec. 23
West. Koot. Pr., p.	$1.75	Dec. 30	Dec. 20
Weston, Geo., c.	20c	Jan. 2	Dec. 15
West. Grocers	75c	Jan. 15	Dec. 20
Do., pref.	$1.75	Jan. 15	Dec. 20
Wilsil	25c	Jan. 2	Dec. 15
Wr.-Hargreaves	†10c	Jan. 2	Nov. 23
Do., extra	†5c	Jan. 2	Nov. 23
Do., interim	†10c	Jan. 15	Dec. 1

*On arrears. ‡Net after income tax. †Payable in U. S. funds. aInitial.

DIVIDEND NOTICES

The Steel Company of Canada LIMITED

Preference Dividend No. 114

Notice is hereby given that a dividend of forty-three and three quarters cents (43¾c) per share on the Preference Shares of the Company has been declared for the quarter ending December 31st, 1939, payable February 1st, 1940, to shareholders of record at the close of business January 5th, 1940.

By Order of the Board,
Hamilton, Ontario, December 20, 1939. H. S. Alexander, Secretary.

The Steel Company of Canada LIMITED

Ordinary Dividend No. 92

Notice is hereby given that a dividend of forty-three and three quarters cents (43¾c) per share on the Ordinary Shares of the Company has been declared for the quarter ending December 31st, 1939, payable February 1st, 1940 to the shareholders of record at the close of business January 5th, 1940.

An additional dividend has also been declared payable at the same time, and same date of record, of $2.00 per share on the Ordinary shares towards equalizing the dividends heretofore paid on the Ordinary and the Preference Shares of the Company.

By Order of the Board,
Hamilton, Ontario, December 20th, 1939. H. S. Alexander, Secretary.

The Shawinigan Water and Power Company

NOTICE is hereby given that a dividend of twenty-three (23c) cents per share has been declared on the no par value common shares of the Company for the quarter ending December 31st, 1939, payable February 15, 1940, to shareholders of record January 25, 1940.

By Order of the Board,
H. C. BUDDEN,
Secretary & Assistant Treasurer.

Provincial Paper Limited

Notice is hereby given that Regular Quarterly Dividend of 1¾% on Preferred Stock has been declared by Provincial Paper Limited, payable January 2nd, 1940, to Shareholders of record as at close of business December 15th, 1939.

(Signed) W. S. BARBER,
Secretary-Treasurer.

Toronto, Ontario.

Announce Start Manitoba Beet Sugar Plant

Canadian and U. S. Machinery to Supplant German — European Capital Helps

From Our Own Correspondent

WINNIPEG.—The Manitoba Sugar Co. will construct a $2 millions beet sugar refinery in Winnipeg in 1940, beginning the production of sugar by Oct. 1, it is announced by the company.

A complete new financial set-up has been created. Plans under way earlier in the year were disrupted by the outbreak of war in Europe. Machinery and equipment will be obtained in the U.S. About half an equipment order of up to $800,000 will be placed in Canada.

Final details of financing were arranged by G. H. Aikins, vice-president, within the past week in New York. While the largest shareholder in the new company is Baron Charles Neuman, wealthy Roumanian industrialist, a large block of capital was raised locally in Winnipeg. The company will use the Manitoba Government's standing offer of $600,000 guaranteed assistance toward the establishment of a sugar industry in the province.

Contract Ready

Contract for construction of the factory, worth about $1 million, is ready for signing with Carter-Halls-Aldinger Co., Winnipeg. The site of the plant is in Fort Garry, a southern suburb of Winnipeg, along the Red River, where the company has obtained 180 acres, served by both C.N.R. and C.P.R.

Contracts will be signed with beet growers in the Red River valley district for a 1940 crop. Test plots have been raised in many districts of southern Manitoba in 1939. The company expects to distribute $1 million to growers next fall, and an equivalent amount in future seasons.

The refinery, which the company announces will be of the latest design, is expected to produce at least 70% of Manitoba's annual sugar [illegible] 700,000 bags.

New Company Formed

In its announcement, the company stressed that it had undergone reorganization and secured a new incorporation since summer when negotiations were under way to utilize refugee German capital in part.

The old company had entered into a contract with sources in Germany and former Czecho-Slovakia for supplying $670,000 worth of machinery. This deal, which was nullified by the outbreak of war, was arranged by Albert Flegenheimer, former leading German sugar producer. He was able to turn some of his assets in Germany into blocked credits for export of machinery. Mr. Flegenheimer, who has become a resident of Winnipeg, is managing director of the new company.

Chief among new associates of the project, besides Baron Neuman, is Jacob Goldschmidt, a German refugee, who was formerly president of the Danat Bank, the Darmstadter National, largest bank in Germany. Goldschmidt now lives at the Savoy Plaza, New York. He is sometimes known as "the man who made Schacht," from his early association with Hjalmar Schacht, German financial genius who was president of the Reichsbank until 1938.

Baron Neumann, of Bucharest, Paris and New York, is prominent in European sugar, alcohol, textile and yeast industries.

Winnipeg Associates

The Winnipeg group of associates includes W. H. Carter, president of Carter-Halls-Aldinger, the construction firm, who is president of Manitoba Sugar; Mr. Aikins, of a well-known Winnipeg legal firm, Joseph Harris, John T. Boyd, E. W. Kneeland and H. E. Sellers, W. P. Riley, Norman Leach, W. H. McWilliams, F. E. Halls, C. G. Spencer, Theodore Kipp, John Martin, and others.

The company's prospectus shows that its main source of capital is proceeds from sale of preferred stock, with two shares of common stock issued for each $100 preferred share subscribed and paid for. The financial set-up is:

First mortgage bonds, 20-year, 5% guaranteed by the Province of Manitoba, $600,000.

Second floating debentures, 6%, $250,000. Block of 15,000 preferred shares at $100, bearing 6% dividends payable half-yearly; $1.5 million.

Common stock without par value, 35,000 shares.

Construction of a sugar refinery in Winnipeg marks the first large influx of refugee European capital into western Canada as a result of war and the disturbed conditions existing previously. It also culminates 15 years of effort to secure such an industry for Manitoba. Company officials paid tribute to the work of the Manitoba Industrial Development Board in supporting the project since it was first mooted shortly after the last war.

The provincial Government has lent its active support by offering a guarantee up to $600,000, an offer renewed from year to year since 1932. A resolution supporting the project was approved recently by the Winnipeg Board of Trade.

Wheat Price Trend

Prevailing Factors Support Prospect Of Upward Movements During 1940

From Our Own Correspondent

WINNIPEG.—Any attempt to appraise outlook for wheat prices in 1940 starts with the premise that fundamentally war tends to increase wheat prices. But lest the price experience during and immediately after the last war should be considered as a guide, it must be noted at once that there can be no repetition of one bullish factor that appeared at the outbreak of the war in 1914.

At once Russian supplies, which had averaged about 165,000,000 bushels annually, were cut off from European importing countries. Exports on such a scale were never afterward resumed. Other countries have since made up, and more than made up, for the loss of Russian supplies. No influence comparable with the shutting off of those supplies in 1914 is in sight, nor anything likely to take wheat prices to the culmination reached in 1919-20.

After that proviso, it may be stated that about Sept. 1, 1939, there developed forces tending to change the wheat price outlook from a bearish to a bullish one. These forces are likely to continue for a considerable time and although they have been discounted to some extent in the market, it is highly unlikely that they have been fully discounted. One set of forces arose from the war and the other from the weather in North and South America.

Big Carryover

Low as prices were in Aug., 1939, it seemed not unlikely that they might go still lower. The world at that time had on hand or in sight a greater supply of wheat than had ever been known before. In 1938 the world crop had been the largest ever known. That left the world with one of the largest wheat carryovers on record at 1,101 million bushels, an increase of almost 600 million bushels from that prevailing a year earlier.

The world crop of 1939 was expected to be some 300 million bushels short of that of 1938, but was still assumed to be in excess of probable consumption. Under such conditions the price outlook seemed bearish no matter how low a level wheat prices had already reached.

Change in Conditions

Conditions governing wheat prices changed at Sept. 1 with the outbreak of war, with the onset of a North American drought, and with the development of weather conditions in Argentina which were to result in a small and low-grade wheat crop. Looking at it from the standpoint only of surplus wheat supplies, war meant a probable higher wheat consumption by soldiers in the field, by civilians whose supply of other foods might be shut off, by inevitable wastage, and by increased use of wheat for livestock feed as other feed supplies might be unavailable.

Instead of the world wheat carryover being increased during the current crop year, it looked as if it might remain stationary or possibly be slightly reduced. Nevertheless, it was clear that at July 31, 1940, there would still be a large stock of old wheat in the world, one that would not be far from 1,000 million bushels and certainly several hundred million bushels above normal carryover needs.

In terms of quantity alone, possible reduction was bullish to a very moderate extent. Realization of that fact brought a prompt check to the market advance which took place in the early days of September and brought a recession to lower levels from which an advance was begun only as different features of the situation became clearer. A world surplus of wheat of several hundred million bushels which in times of peace might be regarded as a weight on the market, began to look more like a comfortable assurance against dangerous shortages.

Less Formidable

But the world surplus also began to look much less formidable when this depreciation was considered. Some 350 million bushels of the carryover or 200 million bushels of the excess were to be found in European importing countries, much of it accumulated as war reserves and much of this would disappear with increased requirements. The exporting countries of the Danube basin had a carryover of some 75 million bushels, and with an excellent crop of some 450 bushels, they seemed before the war broke out to be able to export at least 100 million bushels.

Because they provide the only area in the world which can still export either to Germany or to the Allies, those countries tend to preserve a world aspect to the wheat markets; but the peasants of those countries are likely to hang on to much of their stocks as measures of individual security. Italy will probably absorb some of the surplus both to build up security stocks and in an endeavor to capture trade. Germany will doubtless secure all she can get and pay for and Allied policy will continue to be to facilitate export through the Dardenelles to keep stocks from falling into German hands.

U. S. and Argentina

In the United States at July 31 last were 255 million bushels of a carryover or about one quarter of the world carryover. That quantity will probably be slightly but not greatly reduced during the current year. But what remains at July 31 next will in essence be locked up in the United States because of a short crop there in prospect, but need to draw on reserves to some extent for domestic needs and the resulting prices situation which will keep United States wheat out of the export market.

Argentina at July 31 last had 213 bushels of 1938 wheat still on hand and the pressure of those stocks was a highly impressing factor on the market. In spite of the short crop just produced, Argentina will still have some export surplus next July, but will be under no compulsion to press it strongly on the market.

Australia and Canada

Australia, which had 67 million bushels on hand at July 31 last, will, as a result of a good crop, probably have at least twice that quantity or more on hand at the corresponding time in 1940, but much of it will in essence be locked up by scarcity of ships to take it away.

Canada's carryover at July 31 last was 118 million bushels. In all probability it will be twice that quantity or more at the end of next July, but as the Canadian carryover will constitute the only surplus easily available for transport across the Atlantic, the Canadian carryover will be regarded as a source of extremely important stocks to Allied and neutral countries.

Such considerations sufficiently establish the current crop year as one of probably rising prices.

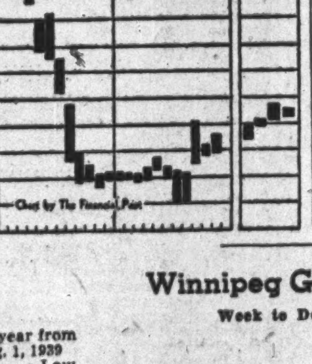
Discounted by Market?

The next question is whether or not such tendencies are already fully discounted in the market. They are not likely to be so early in the crop year as there are seven months ahead in which the year-end position is likely to be more and more realized.

So far as prices next July are concerned, the important consideration will be the total supply of wheat to be made up of the carryover and the new crop.

The North American crop will at least be 200 million bushels short of last year's and perhaps a good deal more. There is no reason yet to suppose that the European crop will be much below that of last year's. After another year of war, however, shortage of labor and fertilizer will probably affect production there, but weather is likely to be more important than either of these considerations.

Wheat Prices



	For Week Dec. 26 High	For Week Dec. 26 Low	Prev. Week High	Prev. Week Low
1 Hard	.85¾	.83⅜	.87¼	.82½
1 Northern	.85¾	.83⅜	.87¼	.82½
2 Northern	.83¾	.81⅜	.85¼	.80½
3 Northern	.78¾	.76⅝	.80¼	.75½
4 Northern	.77	.74⅝	.78⅛	.73⅜
5 Wheat	.71½	.69¼	.73¼	.68
6 Wheat	.66	.63¾	.67¾	.62½
Feed Wheat	.65	.62¾	.65¾	.61½

Winnipeg Grain Futures

Week to Dec. 26, 1939

Crop year from Aug. 1, 1939 High	Low		Open Dec. 20	High for week	Low for week	Close Dec. 26	Close year ago
		Wheat					
.88⅞	.51½	Dec.	.87⅜	.87¾	.82⅞	.84	.60¾
.92½	.54⅛	May	.90	.91⅜	.86⅝	.87⅜	.62⅜
.93¼	.76⅛	July	.91	.92	.87⅜	.88⅜	.62⅞
		Oats					
.42¾	.26⅛	Dec.	.42¾	.42¾	.41¼	.41¾	.28¼
.43¾	.27⅛	May	.40	.40½	.39⅛	.39⅜	.28⅜
.39½	.32	July	.40½	.39½	.38¼	.38⅜	.28⅝
		Barley					
.52⅜	.32⅜	Dec.	.51¼	.51⅞	.50½	.50⅜	.38⅝
.54	.33⅝	May	.52⅞	.53½	.51⅛	.51½	.39
.53⅛	.44	July	.52⅜	.52⅝	.50¼	.50⅝	.38⅛
		Flax					
1.83½	1.23¾	Dec.	1.79½	1.80½	1.79	1.80½	1.40
1.87½	1.49	May	1.83½	1.84⅞	1.82½	1.84⅞	1.39¼
1.86	1.64½	July	......	1.83½	1.80	1.83	......
		Rye					
.79⅝	.37½	Dec.	.76⅝	.76⅝	.75¼	.76½	.40¼
.83	.40	May	.80¾	.80⅝	.78⅜	.79⅝	.41¼
.81⅛	.37⅝	July	.78½	.79⅛	.75⅝	.79⅝	.42¾

See Firm Trend In Commodities

Fear of Inflation and Expectation of Long War Are Factors

Commodity prices enter the New Year with a firm tone. While declines are shown in some of the individual items, the majority of the weekly indices are higher.

Recent change in market sentiment is due to a variety of factors including a widespread belief that the war will be a long one and that inflation is on the way. Continued sinking of cargo vessels has also caused considerable anxiety.

In wheat the adverse crop conditions in the United States winter wheat belt and the smaller Argentine yield continue to be big factors. In hides, curtailment of shipments from the Argentine combined with a strong industrial demand have stiffened prices. Industrial demand from United States manufacturers has also been a powerful element in other commodities such as silk, rubber and cotton.

	Latest week	Previous week	Same week last yr.
Cattle	$7.75	$7.75	$7.50
Hogs	8.00	7.75	7.00
Copper, lb.	.12¾	.13	.11¼
Cotton, lb.	.1115	.1133	.0882
Rubber, lb.	.2075	.2050	.1645
Sugar, raw, lb.	.0295	.0295	.0285
Silk, lb.	4.14½	3.86	1.84
Wheat, Man. (bu.)	.84	.87¼	.80½
Coffee, lb.	.05⅛	.05⅛	.05¼
Hides	.15	.14¾	.12
Weekly Indices			
Canada (D.B.S.)	81.2	80.8	73.4
Do., Wood, Gundy	68.1	68.0	55.5
U. S. Labor	78.8	79.0	76.7
Dow Jones (future)	63.10	63.70	48.19
Fishers'	85.2	84.9	79.8
Monthly Indices			
Canada (D.B.S.):			
Retail (Nov.)	85.0	84.7	83.8
W'sale (Oct.)	79.3	78.2	74.1
U. S. (Oct.)	79.4	79.1	77.6
Gt. Brit. (Sept.)	105.2	98.1	98.4

Note: The base of indices is that 1926 equals 100. The British index is Board of Trade converted to 1930 base.

Base of price quotations is as follows: Cattle — Steers, good, over 1,050 lb., top price, Toronto. Copper - electrolytic, New York. Silk — Crack db., 13-15 New York. Sugar — 96 degrees centrifugal c/f New York. Wheat — No. 1 Man. North., Ft. W.-Pt. A. basis. Hides — No. 1 packer light.

Cigarette Consumption Higher Than Last Year

From Our Own Correspondent

MONTREAL.—Cigarette consumption in November was lower than in the previous month, but higher than in the same month last year. Cigarettes released in November numbered 632,938,000 as against 706,230,000 in the previous month and 599,736,000 in November, 1938.

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FREDERIC B. WELLS
President

W. SLATER
Vice-President and General Mgr.

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Week in Mining

Mine Stock Outlook Holds Attractions

See Possibility of Sales Increase Under War Conditions — Hold Many Attractions For the Investor — "Long-shots" May Not Get Adequate Backing

What's ahead for mining stocks in 1940?

Different to most industries, war and peace is not the first consideration in finding the answer to that problem, though, of course, it has its effect. But war or peace, the Empire cause must have gold. It must have base metals. Gold is the fundamental war material. The ownership of gold is the measure of economic might. Though base metals are vital war materials, they are even more important in peace and far from being war profiteers, the base metal producers would likely thrive far better in a world definitely at peace than a world at war.

Sales May Increase

As suggested in another article in this edition, rising costs are almost sure to face Canadian mining in another year of war. So far, forward buying of multifarious supplies has to a large extent left rising costs an unimportant factor. Gold mines have a large degree of protection in this regard through the premium on gold. Base metal mines have much less protection though contracts at fixed prices with Britain come up for revision once costs have risen materially.

With more people at work in Canada, probably at higher wages, and with the general level of business activity high, it is probable that 1940 will see considerable improvement in mining stock sales. The tragic paradox that a world at war in some respects brings more economic security than a world in the crazy peace we have endured for the last many years, gives more impetus to investment in securities that are good in war, securities that will do even better in peace.

Watch Large Investor

The outlook now seems good for junior mines and prospect properties finding stock market popularity, especially with the larger investor. Heavy taxation, especially since the wartime addition of an excess profits tax, impels some to seek non-income producing investments with appreciation possibilities.

The junior mine and prospect provide the almost ideal answer. The history of Canadian mining and the skill of the good modern mining engineer are both factors which give the careful investor in these kinds of property very good odds on important ultimate gains. And so far—for the non-professional investor—Canada has not inaugurated a capital gains tax though some claim that the notorious 32B clause of the income tax act is either capital gains taxation or the thin edge of the wedge.

Man-in-the-street

To what extent the "man-in-the-street" will come back into the market depends very largely on the general tone of business conditions and the success of financial houses in finding prospect propositions that produce very substantial profits. And that, of course, depends on the mines that will be developed. Security regulations of all the provinces have pretty well obviated the danger of a recurrence of 1929.

Perhaps even more important is the growth of exploration and development by the big mining companies. They have a minimum of financing problems, the interest of the big company is usually sign enough that the outlook is good with inevitable fast results in stock market price action. This seldom gives the so-called "man-in-the-street" time to participate and without profits his interest—to put it mildly—wanes.

Unless there is a reversion to development of properties by prospectors and small groups it is doubtful if the mine stock market will again see about half the heads of Canadian families eagerly scanning quote boards and seizing telephones or sitting by the tape.

For the Experienced?

And the coming year does not hold out high prospect of a revival of this prospecting and development by lesser known figures in the mining world. Likelihood, therefore, is that to a large, but increasing degree, the mine stock market will have the interest of the investor with considerable funds, who takes considerable pains to learn about his proposed securities and who is fairly well experienced in the ways of the market place.

This, of course, means on the whole closer markets, less violent fluctuations, a much speedier adjustment of market price to news, minewise or industry-wise and, at the same time, more money for the safe bets, less for the long shots.

The Misfortune

And that, of course, is the misfortune. It is the long shots of Canadian mining that have made some of the greatest mines we have, that have produced some of the great Canadian fortunes. To an extraordinary degree gold is simply where you find it. Engineers are the first to admit that fact, and the sober academic conclusions of the past make very sickly reading today. The facts show them amazingly wrong.

But there are still men of faith, with a nose for gold, who have the nerve and who can get the backing to do what a famous Canadian mining man described to this writer as "the completely screwy things. They've got to be crazy."

To them we wish comfort and triumph. For in their deeds, the spectacular story of Canada's richest industry has been immortalized.

War has proved depressing for Canadian gold stocks but price fluctuations on the whole have been narrow. As outlined in an article on the opposite page, gold mining can face the new year with optimism.

Senator Deal Completed

Mill From Ronda Will be Placed on Senator Property With Capacity of 300 Tons

Final approval has now been given by interests behind bankrupt Ronda Gold Mines to sale of their mill and plant to Senator-Rouyn Ltd. for 135,000 of the latter company's pooled shares.

Deal covers all the Ronda plant and mill equipment except the crusher and ball mill which cannot be expanded from 150 to 300 tons daily capacity like the rest of the equipment. Placing all the equipment on the Senator property for milling of 300 tons daily will involve an outlay of only $105,000, officials now estimate. Most of the surface buildings have already been completed and others are to be finished in 10 days' time.

Over 850 ft. of drifting has now been completed on the 375 and 500-ft. levels, 85% of which has been in ore averaging $10 per ton across full drift width of 6½ ft. with gold at $35. Slashing and 6-ft. test holes have shown similar grade ore over widths up to 20 ft. on the 375 and 15 ft. on the 500-ft. level. Actual ore body cross sections will be ascertained later by flat drill holes.

Development is proceeding satisfactorily with faces in ore on both the 375- and 500-ft. levels.

Two Drill Holes Cut Ore At Naybob Gold Mines

Following cutting of a 12-ft. width of high-grade ore in a drill hole between the 700- and 840-ft. level about two weeks ago, Naybob Gold Mines has pulled another core around the same depth which, while not quite as high grade, is described as commercial ore by R. J. Naylor, the company's president.

The first-mentioned drill intersection is believed to parallel high-grade ore located at the 400-ft. level.

The second drill hole does not line up with the first and is apparently something new. Until further work has been done, it is difficult to size up its importance, Mr. Naylor states.

Brown Co. Plan Near Final Stage

Big Pulp Producer May Come Out of Receivership Shortly

From Our Own Correspondent

MONTREAL.—Plans for re-organization of Brown Co. are again reported to be nearing completion.

A scheme for rehabilitation of the company, which has been in receivership for some time, has received the approval of most of the committees for bondholders, stockholders and creditors, and is expected to be submitted to the court shortly for approval.

It is understood that under the present plan bondholders would receive new general mortgage 5% bonds for one half their present holdings and accrued interest and the balance in either 5% or 6% convertible preferred stock.

Trade creditors, it is reported, will be given the option of accepting 100% of their claims in the new preferred stock or of receiving a lesser amount of cash.

Stockholders' Treatment

The present preferred stock would receive about 12 shares of new common stock for each share.

Treatment of common stockholders is believed to involve the issuance of about one-fourth share of new common for each share held, together with an option running five or six years to buy new common stock at less than $10 a share.

With 400,000 common shares now outstanding the plan is understood to involve the issuance of one million of the option warrants or 2½ warrants for each share of common stock.

Mining Concentrates

Bagamac Mines has accepted an offer of R. C. Gamble to subscribe for 50,000 shares at 5 cents payable immediately. Upon issue of this stock, there will be 1,650,000 shares outstanding.

* * *

Baldwin Kirkland Gold Mines is taking steps to have its affairs straightened out. No annual meeting has been held for some time and it was stated at an informal meeting in Toronto last week that it was doubtful whether the directors of the company had been properly elected. It was tentatively agreed upon that a shareholder of the old Baldwin Mining Co., which turned over its property to Baldwin-Kirkland, should make application to the court on his own and other shareholders' behalf for appointment of a liquidator for Baldwin Gold Mining Co. Since Baldwin Gold Mining owns 2.3 million shares of Baldwin-Kirkland, this would clear the way for calling a meeting of Baldwin-Kirkland, it is stated.

* * *

Consolidated Nicola is stated to have proved its enterprise vein for a length of 1,400 ft. with all faces of both it and the King William vein in ore on all levels. Expenditures in connection with the purchase price of the property have exceeded $250,000 of which $150,000 has been provided by sale of treasury shares and the balance in the form of a loan. Some additions to the mill and flotation plant are necessary before milling operations can be started. Arrangements were being made for these at last report and for increased Diesel power. As the delivery date of this new equipment was somewhat uncertain under present conditions and as the crew were to be paid off before the year end for the Christmas holiday, there was not believed to be any possibility of production commencing before the year end. Nicola has a 75-ton mill which can be increased to 90 tons at small cost.

* * *

McWatters Gold Mines has encountered high-grade ore in raising operations above the 1,000-ft. level, according to unofficial reports. A raise being completed to the 900-ft. level is estimated to have averaged at least $35 per ton across raise width. The extent of this ore has not been definitely determined as yet.

* * *

Chesterville Larder Lake has secured the consent of the Ontario Securities Commission and the Toronto Stock Exchange to release of 480,450 shares held in pool by the Trusts and Guarantee Co., Toronto.

* * *

Gold Range Mines has secured shareholders' approval to sale of its property located east of Schreiber in the Thunder Bay district, to a new company for 1 million shares out of an authorized capital of 3 million shares. This will be equivalent to one new share for each three shares now held. Approval has also been secured for winding up the present company and surrender of its charter.

* * *

Grull-Wihksne Gold Mines still retains its holding of 1.2 million shares of Bayonne Consolidated Mines, according to the company's report for the year ended Oct. 31, 1939. As at Oct. 31, cash in the bank amounted to $2,419 with no current liabilities.

Last April an option was taken on the Maybe property at Westbridge, B.C., and a programme of diamond drilling was carried out under the direction of Dr. Victor Dolmage. The option was relinquished on May 31, however. All the company's claims in the Bridge River area remain in good standing. Excess of expenditures over income for the year ended Oct. 31, 1939, amounted to $5,818.

* * *

Francoeur Gold Mines continues its work on the long 800-ft. drive to reach the ore shoot indicated by diamond drilling earlier in 1939. About 10 days more work will be necessary to reach the drill-indicated section, it is stated.

* * *

Lacoma Gold Mine is scheduled to get a renewed exploration programme under way on Jan. 15, The Financial Post understands. J. P. Norrie will be in charge of operations. The company's property comprises 19 claims in Tavernier and Jurie twps., Que., where a shaft was sunk to a depth of 270 ft. in previous operations with levels established at 125 and 240-ft. depth. Limited lateral work disclosed 7,400 tons of ore averaging $12 a ton before work was suspended. Both faces are stated to be in ore.

* * *

McDonough Mining Syndicate has called a special meeting of shareholders for Dec. 28 to consider distribution of its holdings in Madsen Red Lake and Cobalt Products and formation of a new company to take over remaining assets. The Madsen Red Lake holding amounts to 50,000 shares while 21,800 shares are also held in Cobalt Properties. McDonough Mining Syndicate had 59,227 shares outstanding on July 31, 1939.

* * *

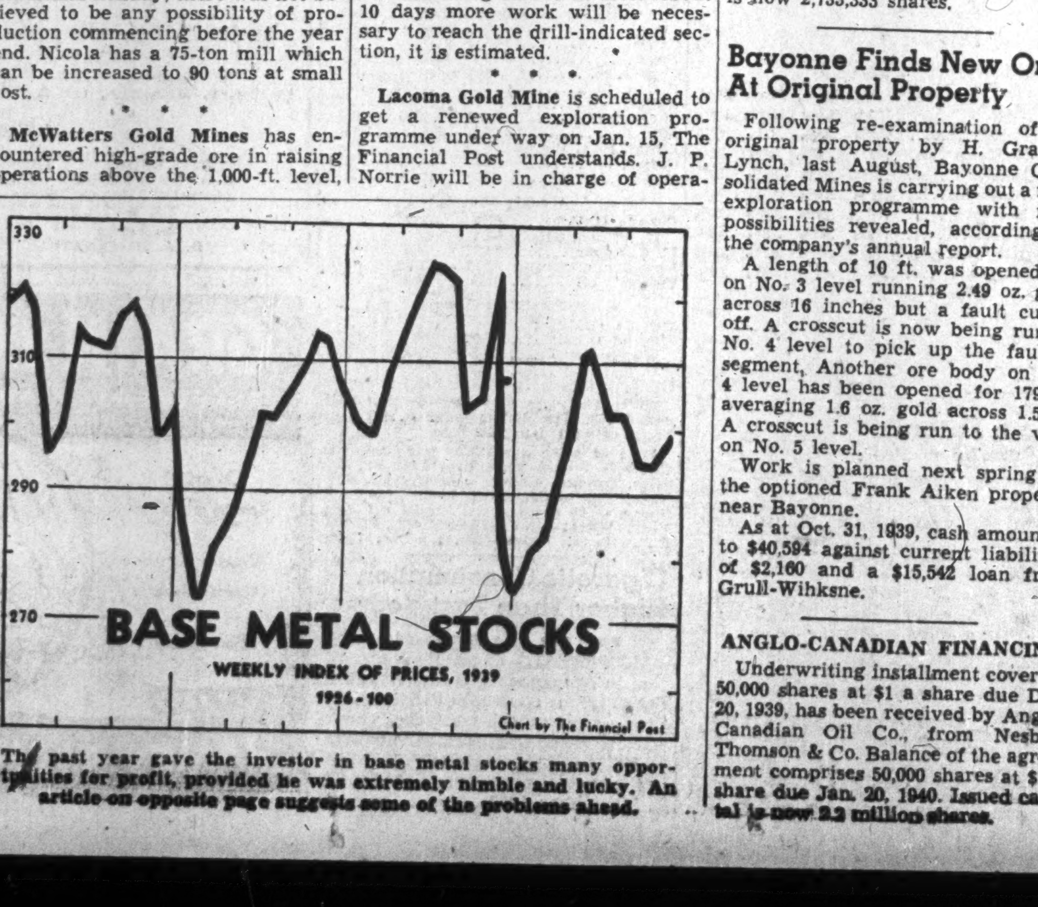
Morris Kirkland Gold Mines is stated to have secured an assay of 4.36 oz. across 12 in. in slashing in the crosscut at the 1,500-ft. level. The assay was obtained where the 1,504 drift is being extended to meet the 1,511 drift, some 70 ft. to the east.

* * *

Silbak Premier Mines has declared a dividend of 4 cents a share payable Jan. 25, 1940, to shareholders of record Jan. 5. A similar payment was made on Oct. 25, 1939.

* * *

Senator-Rouyn has received Dec. 15 underwriting installment of $15,000 for 50,000 shares under its amended financing agreement with Haras Corp. The balance of the agreement comprises an option on 200,000 shares at 30 cents a share, exercisable 100,000 shares by Jan. 15 and balance by Feb. 15. Issued capital is now 2,733,333 shares.



The past year gave the investor in base metal stocks many opportunities for profit, provided he was extremely nimble and lucky. An article on opposite page suggests some of the problems ahead.

Bayonne Finds New Ore At Original Property

Following re-examination of its original property by H. Grattan Lynch, last August, Bayonne Consolidated Mines is carrying out a new exploration programme with new possibilities revealed, according to the company's annual report.

A length of 10 ft. was opened up on No. 3 level running 2.49 oz. gold across 16 inches but a fault cut it off. A crosscut is now being run at No. 4 level to pick up the faulted segment. Another ore body on No. 4 level has been opened for 179 ft. averaging 1.6 oz. gold across 1.5 ft. A crosscut is being run to the vein on No. 5 level.

Work is planned next spring on the optioned Frank Aiken property near Bayonne.

As at Oct. 31, 1939, cash amounted to $40,594 against current liabilities of $2,160 and a $15,542 loan from Grull-Wihksne.

ANGLO-CANADIAN FINANCING

Underwriting installment covering 50,000 shares at $1 a share due Dec. 20, 1939, has been received by Anglo-Canadian Oil Co., from Nesbitt, Thomson & Co. Balance of the agreement comprises 50,000 shares at $1 a share due Jan. 20, 1940. Issued capital is now 2.2 million shares.

Big Mine Output From Quebec

Prospects For Record 1939 Production Appear Bright —Asbestos Gains Sharply

QUEBEC.—With substantial increases reported generally in the mineral field, prospects of Quebec Province establishing a new high in production for the calendar year 1939 appear exceedingly bright.

Asbestos, formerly one of the principal sources of revenue for the province, registered an upswing of 59,733 tons for the first 11 months of the year, as compared with the same period in 1939, while gold, which has now usurped the position formerly held by asbestos, was up to the extent of 78,881 oz. Silver, however, slumped slightly, the January-November output in 1939 being 1,061,666 ounces, as against 1,077,480 ounces for the corresponding 11 months of 1938, a decrease of 15,814 ounces.

Official figures released follow:

Quebec Mineral Output
11 Months Ended Nov. 30

	1939	1938
Asbestos, tons	332,080	272,347
Gold, ounces	871,347	792,466
Silver, ounces	1,061,666	1,077,480
Clay products	$1,199,753	$961,077
Lime, tons	143,907	117,101
Cement, barrels	2,923,210	2,633,396

For the month of November, there were decreases in gold and silver production, but asbestos held up with a gain of over 11,000 tons. Clay products and lime were also up, but cement was off.

Figures for November follow:

Quebec Mineral Output

	Nov. 1939	Nov. 1938	Oct. 1939
Asbestos, tons	40,568	29,471	44,622
Gold, oz.	75,387	77,464	75,675
Silver, oz.	110,428	117,800	98,301
Clay products	$149,958	$127,036	$188,592
Lime, tons	16,919	12,259	15,143
Cement, bbls.	221,284	230,494	286,170

Week in Oils

Work on 20 Fields Seen for 1940

Drilling or Surveys Preparatory to Drilling Under Way on This Many Areas at Year End—Turner Less Than Half Developed

From Our Own Correspondent

CALGARY.—At the end of 1939 drilling, or surveys preparatory to drilling, were under way at some 20 fields, some of which already show some oil production or good prospects of production. The year 1940, in the opinion of many observers, will very probably witness the proving of at least one field to rival the great Turner Valley.

To the wildcatters who make the strike will probably go riches beside which the cost of development will appear small. To the oil industry the major strike will probably mean the end of the marketing problem. The dream of pipelines over the Rockies and to the Great Lakes might then become a reality.

Turner is Tops

At the year end considerably less than half the 15,000 acres comprising the producing and prospective crude oil area of Turner Valley had been drilled out. Majority of the present oil wells are located in the south end of the field. Half a dozen producing wells are located on the northwest flank of the structure and three are producing on the central west flank. In these two sections of the field a large number of wells are now being drilled and locations are available for from 100 to 150 more.

By year end it had been definitely proven that Turner Valley has the greatest known productive closure of any oil field or gas field on the American continent. The productive closure, the oil and gas bearing trap formed by the upthrust of the Madison limestone extends from 786 ft. above sea level (the elevation at which the shallowest naphtha-gas wells contacted the lime) to nearly 4,200 ft. below sea level (the elevation at which salt-water underlying the oil and gas was encountered in south Turner Valley). This gives Turner Valley a productive closure of nearly 5,000 ft.

* * *

Allowable Revised

As a temporary measure designed to relieve an accumulation of oil in field storage tanks resulting from testing operations at recently completed big producers, and to provide for production anticipated by the New Year from four wells now in the lime, the Conservation Board has reduced field allowable from approx. 14,500 bbls. to 12,000 bbls. daily. There has been no change in market requirements to cause the downward revision (authoritative sources consider the 14,000 bbl. quota set last month as the approximate low in winter period demands), but as testing at new producers has brought actual production in recent weeks well above this figure, a temporary cut was necessary to absorb the accumulation.

The steady progress of the oil industry is illustrated by the following summary, compiled by the "Oil Bulletin" of Calgary.

Oil Production

Year	Barrels	Value
1937	2,796,908	$ 4,902,738
1938	6,742,039	8,639,488
1939	*7,575,000	*9,263,000

Returns to Stock and Royalty Holders

Year	Dividends	Royalties
1937	$1,323,776	$*1,250,000
1938	2,228,707	*3,000,000
1939	*2,500,000	*3,500,000

*Indicates estimate only.

Note:—Royalty payments include Crown and other lease-owners royalty returns, in addition to returns on royalties held by the public.

* * *

Marketing Outlook

Turner Valley's marketing problem, at year end, seemed nearer to solution than ever before since institution of proration in the fall of 1937. The exchange situation brought on by outbreak of war brought curtailment of imports of American crude and refined products into the prairie marketing area, and gave promise of restoring a large part of the Manitoba, western Ontario and southern Alberta and Saskatchewan markets, captured by Illinois and Montana oil in 1938 and early in 1939, to Turner Valley in 1940.

The Empire air training scheme, which is to mean establishment of numerous important training centres and air bases in the West in 1940, is expected to open up a large new market for aviation gasoline. In anticipation of this new market, Prairie refineries have laid plans for installation of specific equipment for processing this type of gasoline on short notice. Turner Valley oil is exceptionally suitable for manufacture of aviation gasolines.

* * *

New Field Chances

Hopes that a second great oilfield would be proven in Alberta in 1939 did not materialize, but at the end of the year prospects for the proving of a second Turner Valley in the not-distant future were considered excellent. The year saw the successful development of small commercial oil wells at at least four fields outside of Turner Valley — Lloydminster, Vermilion, Del Bonita and Taber. The possibility is seen that at least three of these four fields may become important producers of crude oil in 1940.

Unlisted Stocks

Comparative Prices of Unlisted Stocks, 1937-1938-1939
(Furnished by A. J. Pattison, Jr., & Co., Toronto)

	— 1937 —		— 1938 —		Dec. 26, 1939	
Industrial Stocks	Bid	Asked	Bid	Asked	Bid	Asked
Acme Farmers Dairy 7% pfd.	27.00	31.00	14.50	17.00	17.50	....
Andian National Corp. (div. $3)	44.50	46.50	35.00	36.50	33.50	35.00
Anglo Can. Telephone A	....	....	8.25	9.00	8.50	9.00
Assoc. Tel & Tel. $6 pfd.	39.00	43.00	....	31.00	30.00	33.00
Atlas Steels com.	....	....	....	....	12.50	16.50
Atlas Steels 7% cum. pfd.	....	....	....	....	102.00	106.00
Barrymore Cloth pfd.	25.25	28.00	19.00	22.00	20.00	....
Bluetop Brewing	....	....	....	....	4.25	....
Brandram-Henderson com.	5.25	7.00	3.00	4.00	3.00	4.25
B. C. Pulp & Paper com.	15.00	20.00	10.00	12.00	22.50	24.25
B. C. Pulp & Paper 7% pfd.	70.00	80.00	41.00	....	52.00	....
B. C. Sugar	94.00	96.00	80.00	84.00	92.00	95.00
Brown & Co. pfd.	....	....	....	....	30.00	35.00
Burns & Co. Ltd. A	7.50	8.50	4.00	5.00	8.00	8.75
Burns & Co. Ltd. B	2.25	2.75	1.50	2.00	5.25	6.25
Can. Wire & Cable 6½% pfd.	106.00	108.00	104.00	106.00	106.50	107.50
Canada Tea pfd.	27.00	32.00	18.00	23.00	22.00	24.00
Can. Co-Op. Wool Growers	....	....	....	....	6.50	8.00
Can. Goodrich com.	....	....	....	....	1.25	....
Can. Industries A com.	197.00	....	216.00	222.00	242.00	....
Can. Ingersoll Rand	105.00	115.00	132.00	135.00	150.00	....
Can. Tube & Steel com.	6.25	8.50	3.50	5.00	7.00	8.00
Can. Tube & Steel 1st pfd.	83.00	90.00	60.00	65.00	70.00	73.00
Can. Western Lumber com.	....	....	....	....	.70	1.25
Chase, A. W. $8 pfd. bonus	26.00	28.50	26.50	27.50	26.00	27.00
Claude Neon pfd.	6.00	7.50	6.25	7.25	6.50	7.50
Cons. Sales Book pfd.	....	....	81.00	....	....	74.00
Copeland Flour Mills units	....	....	....	....	12.50	....
Corrugated Paper Box com.	....	....	....	....	1.00	2.00
Corrugated Paper Box pfd.	....	....	....	....	38.00	42.00
Dom. Manufacturers com.	....	....	....	....	4.00	5.50
Dominion Manufacturers pfd.	60.00	62.00	60.00	65.00	61.00	65.00
Dominion Rubber pfd.		....	....	....	100.00	....
Dunlop Tire 5% pfd.	....	....	19.50	20.50	22.25	23.25
Eastern Dairies pfd.	....	....	....	....	5.00	6.00
Eastern Steel Prod. pfd.	....	....	....	....	20.00	22.00
Easy Washing Machine 7% pfd.	....	....	....	....	8.75	....
Federal Grain com.	1.00	1.45	1.40	1.65	2.50	2.75
Federal Grain 6½% pfd	16.50	18.00	21.00	24.00	45.00	46.50
Goderich Elevator & Transit	4.00	5.25	6.00	6.75	9.00	9.75
Guardian Realty pfd.	....	....	....	....	15.00	....
Guelph Carpet 6½% pfd.	103.00	104.50	98.50	101.00	101.50	....
Guelph Carpet com.	21.00	23.00	16.00	17.00	15.50	....
Hayes Steel Prod. com.	5.50	6.00	10.00	10.75	22.00	24.00
Hayes Steel Prod. 6% pfd.	6.00	7.00	8.50	9.50	10.25	11.00
Highland Dairy com.	....	2.75	1.25	....	2.25	....
Highland Dairy 7% pfd.	74.00	78.00	51.00	....	69.00	74.00
Kingston Shipbuilding Units	....	10.00	10.00	10.50	19.00	21.00
Industrial Acceptance pfd.	....	....	....	....	85.00	88.00
Loblaw Groceterias Inc. com.	....	....	10.00	....	11.25	11.75
Maritime Tel. & Tel. com.	16.25	17.50	16.00	17.00	15.75	17.00
Maritime Tel. & Tel. pfd.	16.75	17.50	16.00	....	16.50	17.50
Mersey Paper com.	....	....	....	....	5.25	....
Modern Containers com.	....	....	....	....	12.75	....
Morrison Brass Units	8.50	11.00	5.50	7.00	5.00	6.00
Morrow Screw com.	....	....	....	....	9.25	....
Morrow Screw pfd.	98.00	102.00	97.00	100.00	99.50	102.00
National Sewer Pipe com.	....	....	....	....	2.75	....
New Brunswick Tel. com.	13.75	14.50	12.00	13.00	12.25	13.25
New Method Laundry 6½% pfd. bonus	87.00	92.00	50.00	54.00	63.00	66.00
Office Specialty pfd.	....	....	....	....	72.00	....
Ontario Tobacco Plant. pfd. bonus	....	....	....	....	21.00	23.50
Paterson, Wm., pfd.	100.00	....	100.50	103.00	103.00	105.00
Provincial Paper 7% pfd.	106.00	107.50	105.00	106.50	105.50	107.00
Reliance Grain com.	....	....	....	....	6.00	7.00
Reliance Grain 6½% pfd.	....	67.00	36.50	41.00	74.50	77.00
Robertson, P. L., pfd.	....	....	....	....	93.00	....
Robinson Consol. Cone	8.00	8.75	7.75	8.50	8.00	8.75
Ruddy, E. L., 7% pfd.	30.00	33.00	28.25	29.50	28.00	31.00
Seal O Sac (Can.) Ltd.	4.50	5.50	4.50	5.50	2.75	3.75
Standard Fuel com.	3.00	4.00	2.50	3.50	1.25	....
Standard Fuel 6½% pfd.	74.25	78.00	55.50	60.00	57.00	60.00
Stanfields Ltd.	....	....	....	....	100.00	....
Stedman Bros. 6% pfd.	....	....	54.50	56.00	57.00	59.00
Toronto Carpet com.	48.00	52.00	25.00	30.00	19.00	22.00
Toronto Carpet 6½% pfd.	55.00	59.00	56.00	59.00	54.00	56.00
United Farmers Co-Operative	2.75	....	2.75	3.25	2.30	2.75
United Steel A 6% pfd.	15.00	16.00	19.75	21.00	22.50	23.50
Viceroy Mfg. pfd. & rts.	17.25	19.00	22.00	24.00	23.50	25.00
Western Grain 6½% pfd. bonus	5.25	6.50	4.50	5.50	8.00	10.00
Western Steel Prod. com.	9.00	10.50	7.25	8.00	8.00	9.00
Weston (George) Foods Ltd.	2.75	3.25	4.00	....	....	6.00
Waterloo Mfg. new com.	....	....	....	....	2.00	3.00
Willards Chocolates pfd.	30.00	....	....	63.00	55.00	....
Trust and Loan Stocks						
Acadia Trust	....	....	....	....	455.00	465.00
British Mortgage & Trust	....	....	152.00	....	151.00	154.00
Commercial Finance com.	2.90	3.25	2.75	2.90	3.00	3.40
Crown Trust	....	....	....	....	100.00	110.00
Eastern Canada Savings	....	....	....	....	126.50	134.00
Eastern Trust	....	....	....	....	161.00	....
General Trust	....	....	....	....	98.00	100.00
Guaranty Trust	....	....	....	....	96.00	100.00
Guelph & Ont. Invest.	52.50	....	52.50	55.00	53.50	55.50
Lambton Loan	....	....	....	....	31.00	34.00
London & Western Trust	52.00	55.00	36.00	39.00	38.00	40.50
Midland Loan & Savings	....	....	....	....	17.00	19.00
Mortgage Corp. of N. S.	....	....	....	....	100.00	110.00
Nova Scotia Trust	....	....	....	....	146.00	152.00
Premier Trust	103.00	....	....	110.00	75.00	80.00
Sterling Trust	40.00	42.00	48.00	53.00	56.50	....
Traders Finance A com.	13.50	15.00	14.50	15.75	13.50	15.00
Traders Finance B com.	....	....	....	....	13.00	15.00
Traders Finance A 6% pfd.	....	....	....	....	82.00	85.00
Traders Finance B 7% pfd.	85.00	88.50	88.00	92.00	94.00	100.00
Trusts & Guarantee	26.00	28.00	26.00	27.75	27.00	29.00
Waterloo Trust & Savings	....	....	....	....	99.00	....
Victoria Loan & Savings	....	....	....	....	107.00	116.00
Insurance Stocks						
British America Assce.	57.00	....	55.00	....	55.00	....
Canada Life Assce. (div. $20)	535.00	....	481.00	487.00	455.00	475.00
Canadian Fire Ins.	80.00	....	84.00	....	81.00	....
Confederation Life 30% pd.	112.00	115.00	146.50	....	150.00	154.00
Continental Life 20% pd.	39.00	....	33.00	....	33.00	....
Crown Life fully pd.	195.00	....	240.00	....	260.00	....
Dominion Fire Ins.	135.00	....	130.00	....	135.00	....
Dominion Life 50% pd.	250.00	....	240.00	270.00	250.00	275.00
Dom. of Can. Gen. Ins.	123.00	130.00	105.00	....	120.00	127.00
Empire Life 25% pd.	12.50	13.00	10.00	10.75	5.00	6.00
Excelsior Life 30% pd.	60.00	....	57.00	63.00	57.00	60.00
Federal Fire 25% pd.	41.00	....	48.00	52.00	50.50	54.00
Great West Life (div. $15)	308.00	315.00	300.00	310.00	230.00	....
Guar. Co. of N. A. fully pd.	320.00	375.00	380.00	400.00	380.00	....
Halifax Fire Ins.	22.50	23.00	23.00	23.75	21.50	23.00
Imperial Life	320.00	340.00	320.00	335.00	295.00	305.00
Manufacturers Life	256.00	270.00	239.00	242.00	227.00	....
Monarch Life 10% pd.	24.50	26.00	24.00	26.00	21.00	23.00
National Life 25% pd.	[illegible]	50.00	26.00	....	24.00	28.00
Sovereign Life 25% pd.	14.50	16.50	14.00	17.00	12.50	14.50
Sun Life Assce (div. $15)	450.00	480.00	405.00	420.00	375.00	400.00
Toronto General Ins.	5.25	6.00	5.00	6.00	5.50	6.00
Wellington Fire Ins.	....	....	....	....	58.00	62.00
Western Assurance 12% pfd.	40.00	42.00	41.00	44.00	41.00	44.00
Western Assurance com. (div. $2.40)	47.50	50.00	48.00	51.00	48.00	50.00
Theatre Stocks						
Allens Beach pfd.	63.00	68.50	62.00	....	64.00	69.00
Allens Kingston pfd.	65.00	....	65.50	70.00	65.00	69.00
Allens London pfd.	....	....	65.00	69.00	52.00	54.00
Allens St. Catharines pfd.	....	....	63.50	67.00	53.00	56.00
Allens Toronto 7% pfd. bonus	34.00	....	33.50	37.00	32.50	36.00
Loew's Buffalo pfd.	....	....	4.00	....	3.50	....
Loew's London pfd.	2.25	3.00	3.00	3.75	3.00	3.50
Mansfield Theatre 7% pfd.	25.00	27.50	26.00	....	27.00	30.00
Paramount Kitchener pfd.	48.00	52.50	50.50	....	53.50	56.00
Paramount Oshawa pfd.	86.00	91.00	89.50	92.00	....	....
United Amusement A	17.00	19.50	14.00	....	12.00	13.00
United Amusement B	17.00	19.50	14.00	....	12.00	13.00
Investment Trust Shares						
Can. Gen. Invest. Ltd. (div. 50c.)	8.35	8.50	7.90	8.25	9.25	9.50
Can. Investment Fund	3.65	4.00	4.05	4.55	4.10	4.50
Can. Investors Corp. (div. 40c.)	5.50	6.50	6.75	7.50	6.25	6.75
Cons. Div. Standard Sec. Units	11.00	....	7.75	9.00	9.00	....
Corporate Investors	6.00	6.50	6.05	6.50	6.50	7.00
Debenture & Securities pfd.	....	....	....	....	65.00	....
Investment Foundation Units	51.00	54.00	56.00	58.00	57.00	....
Securities Hold. Corp. 6% pfd. bonus	17.00	19.50	19.00	....	21.50	....
United Corp. Ltd. A	20.00	22.00	20.25	21.50	22.00	24.00
United Corp. Ltd. B	....	10.50	10.25	11.50	10.00	11.00
Power Issues						
Calgary Power 6% pfd.	85.00	87.50	93.00	96.00	99.50	101.00
Can. West. Nat. Gas, L., H. & P. com.	25.00	26.50	24.50	28.00	26.00	....
Can. West. Nat. Gas, L., H. & P. pfd.	85.50	87.50	95.00	99.00	100.50	102.00
Foreign Power Sec. 6% pfd.	4.50	6.50	2.00	4.00	2.00	3.50
Great Lakes Power pfd.	98.00	....	101.00	102.50	102.00	104.00
Inter. Utilities 1.75 pfd.	8.00	9.75	8.00	10.00	16.00	20.00
Inter. Utilities 3.50 pfd.	....	....	....	....	33.00	37.00
MacLaren Power & Paper com.	13.00	14.25	14.00	15.00	20.00	20.75
Montreal Island Power pfd.	19.00	23.50	20.00	....	20.50	23.00
Nor. Ont. Power 6% pfd.	98.00	100.00	98.50	100.50	95.00	....
Nova Scotia L. & P. 6% pfd.	104.00	106.00	105.50	....	107.50	109.00
Nova Scotia L. & P. com.	94.00	....	94.50	....	97.00	....

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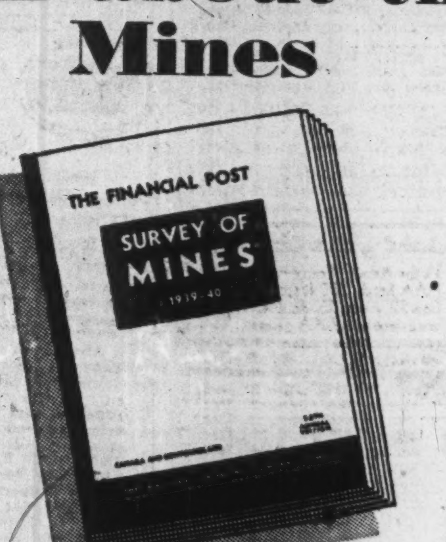

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Mining Sees Great Year Ahead

Can See Road Ahead Better Than Most Industries

By THE MINING EDITOR

What does 1940 hold for Canadian mining?

In most respects, few other industries can look forward with so much assurance.

The great volume of Canadian mineral production comes from well stabilized, industrial operations with great bodies of known ore content awaiting treatment.

There are a score of younger mines, well established, whose normal development indicates growth both in production and in wealth.

There is a big batch of prospects some of which are almost sure to prove important additions to Canada's most dynamic industry.

Problems and Uncertainties

True, mining has its problems and uncertainties. These are the main question marks about 1940.

The excess profits tax imposed in the war budget is regarded as unfair in its incidence, uncertain in its weight, thoroughly troublesome and damaging to the mining industry.

The notorious 32B clause of the Income Tax Act is another piece of legislation holding back the growth of the industry which has made Canada wealthy, has cushioned Canadian business life against depression, and which is now one of the most basic factors in Canada's contribution to the Empire cause.

Present administration of 32B, and the only kind of administration that has made it tolerable to mining men, appears based on the "saw-off." Even Ottawa admits that imposing the full weight of this clause as now embodied in the statutes would be ruinous to many companies and unfair to all.

Present practice is that the lawyers of the company concerned have several discussions with revenue officials. Figures are moved about, one side saying this is fair, the other something else. Finally, the revenue officer agrees on a tax figure and the company pays.

Pay Up and Shut Up Plan

In almost every case, the company pays less than officialdom could have forced it to pay under the statutes. Feeling itself lucky in getting off less badly than it might have, the mining company pays and doesn't complain. For this reason, the tax bill of some mining companies is their most closely guarded secret. It appears that there is nothing to prevent the revenue officials reopening these cases years hence, just the way Mr. Hepburn does with estates of the long-dead wealthy.

The objection most frequently voiced by the mining industry is that 32B introduces the dangerous principle of a capital gains tax.

Ottawa grants that the excess profits tax as it applies to mining badly needs amendment and has promised that this will be done. Ottawa seems little impressed with the alleged nefarious character of 32B, however, and speaks about the merits of a flexible system, of treating each case on its own merits, of preventing the growth of a body of tax law with its concomitant group of professional tax experts.

Remedial Action Sought

The mining industry, however, is taking the bit in its teeth. It takes the view that the time has come for clearing up the whole messy tax situation. To this end, various groups of the mining industry are now seriously engaged in trying to make it clear to Ottawa that something has to be done and that it must be done at the forthcoming session of Parliament.

Well-sourced rumor has it that taxes are slated for a broad job of re-writing, so 1940 may see this particular headache alleviated.

Operating Costs

Higher operating costs are almost certain to be a feature of 1940 operations. A good deal of mine machinery is U.S.-made. There is the exchange differential to explain 10% of the higher costs in this respect. Most other supplies the mines require have already or are likely to move upward.

Higher costs have not been much felt yet by most mine companies. The established producers buy supplies well ahead. With war imminent, many of them stocked up very liberally before war was actually declared. Others used the days following to place very substantial orders for future delivery. In this way, some mines will be fairly protected for at least a part of 1940.

The prompt action, administration and wide powers of the Wartime Prices and Trade Board give some assurance that the cost of living will not be permitted to soar unreasonably. Though the course of the war is unpredictable, it is now fairly well established that Canada's main contribution to the Empire cause is going to be in materials rather than in men. For these two reasons, the probability now is that mines will experience little or no labor shortage; that there will not be an economic basis for higher wage demands.

Higher Gold Price

So far, much more than offsetting any cost increases is the premium on gold. Almost ever since the outbreak of war, mines have been receiving not $35 an ounce, but better than $38. Keeping the Canadian dollar just about its present level as regards the U.S. dollar seems to be the policy of the financial authorities. Hence, this extra return on gold is not likely to be halted.

Further devaluation in the United States—that is, putting a still higher price on gold—is not an impossible aspect of 1940. There are U. S. elections for which the politicians will want every semblance of prosperity. America may find that the complexities of sitting on war's sidelines outweigh the advantages. The thousand year history of gold is one of constant increase in value. Roosevelt with his price increase in gold has proved the greatest gold miner of modern times.

Base Metals

For the base metal mines, 1940 may see production increases for some of them, a factor which will be largely determined by the nature of the war. Under the present terms of the excess profits tax such increases of course cannot be expected, but as already mentioned it is understood these clauses will be rewritten.

The British contracts for base metals give only a very marginal price; one at which the producers can maintain recent profit levels. Rising costs could prove quite serious, however, and as enormous buyers of supplies of many kinds, the base metal properties are almost certain to feel the effects.

The British contracts of course include provision for re-casting prices in line with rising costs, but it is understood that costs have to advance very considerably before this clause becomes operative. A period, therefore, in which costs are definitely higher, but before prices are lifted is very likely to develop.

New Development

The coming year, just as for human beings, brings the mines of Canada nearer to ultimate depletion and death. How successful a year it will be in developing important new mines, bringing to the stage of active development promising new mineral areas, no one now knows.

But the outlook is not reassuring. Likelihood is that to an increasing degree the search for new mines and mineral areas will be left to the big mining companies. Though there are many good things that can be said for the sober, skilful and efficient mine development and financing that results from this type of enterprise, there is much that can be said against leaving the future of the whole industry and the national mining welfare in their hands.

At some time or other, the best-trained, highest-priced experts have turned down almost every one of Canada's great mines. In the raw stages, they said there was no hope.

Caution is the characteristic of the scientist. It is also the main consideration of everybody who has a job they want to keep. Hence, it is very doubtful if the sheer daring that has in the past led to the creation of some of Canada's greatest fields can ever be expected from the big companies.

Washing out the 32B clause of the income tax will have some beneficial effect on the small prospecting syndicate. But it will not create that flood of prospecting that has to be done for long-term maintenance of Canada's mineral production.

Low-cost prospecting is pretty well past in Canada. Areas with surface outcroppings are the only place where the prospector with his grub hoe can do any business. Most of this type of country, certainly in accessible Canada, have been looked at so often there are almost paths worn to them.

But a great deal of diamond drill prospecting has to be done. Though very much cheaper than it used to be, diamond drill prospecting is very expensive and slow.

Geophysical surveys are finding increased support from mining interests and are almost certain to play a bigger role in Canadian mining in years to come.

But perhaps the factor which will work the greatest good on Canadian mining will be the next increase in the price of gold. When that comes, every mining man in Canada will have only to look in his own files to find properties which are today moose pasture, but under a higher gold price will be mines.

The New Producers of 1939

	Mill Capacity, Tons
Amm Gold Mines	150
Berens River Mines	225
Box, Smelters	1,000
Chesterville Larder Lake	540
Cochenour-Willans	150
Cordova (Smelters)	125
Columbia Tungstens	25
De Santis Porcupine	150
Kenricia Gold Mines	100
Magnet Consolidated	100
Malartic Gold Fields	300
Mount Zeballos	35
Negus Mines	150
Preston East Dome	400
Tyrantie Mines	200
Uchi Gold Mines	500
Upper Canada	150
Wood Cadillac Mines	225
	4,425

Their Output Grew This Year

	Mill Capacity Now, tons	Capacity at End of 1938, tons	Incr. in Capacity, tons
Central Patricia Gold Mines	350	300	50
East Malartic Mines	1,500	1,000	500
Francoeur Gold Mines	180	150	30
Hudson Bay Min. & Smelt.	5,200	4,700	500
Kerr-Addison Gold Mines	1,200	700	500
Kirkland Lake Gold Min. Co.	400	250	150
Lapa Cadillac Gold Mines	300	250	50
MacLeod-Cockshutt	630	500	130
Naybob Gold Mines	150	20	130
Sladen Malartic Gold Mines	500	250	250
Sylvanite Gold Mines	550	525	25
Waite Amulet Mines	1,000	500	500
			2,815

Canadian Mines Pay 92.6 Millions in 1939

Total dividends paid by Canadian mines, 1939 .... $92,590,534

Total dividends paid by Canadian mines, 1938 93,637,973

Company:	Dividends Paid in 1939 Per Share $	Total $
Beattie Gold Mines	.15	720,397
Bralorne Mines	1.20	1,496,400
Buffalo Ankerite Gold Mines	.75	526,259
Cariboo Gold Quartz	.26	346,660
Central Patricia Gold Mines	.21	525,000
Coniaurum Mines	.16	442,679
Consolidated Smelters	2.00	6,543,338
Canadian Malartic	.09	328,622
Dome Mines	2.00	3,893,336
Falconbridge Nickel Mines	.30	1,001,252
God's Lake Gold Mines	.05	175,000
Granby Consolidated	.40	180,104
Gunnar Gold Mines	.06	162,248
Hallnor Mines	.60	1,200,000
Hard Rock Gold Mines	.04	119,603
Hedley Mascot Gold Mines	.09	203,772
Highland-Bell	.02	26,317
Hollinger Consolidated	1.10	5,412,000
Howey Gold	.05	250,000
International Nickel	2.00	29,168,050
Preferred	7.00	1,933,948
Island Mountain Mines	.15	157,607
Kirkland Lake	.10	532,670
Kootenay Belle	.18	121,536
Lake Shore Mines	3.75	7,500,000
Lamaque Gold Mines	.57	1,710,000
Leitch Gold Mines	.08	228,000
Little Long Lac	.30	549,900
Macassa Mines	.32½	870,372
Moneta Porcupine	.12	305,263
McIntyre Porcupine	3.00	2,394,000
McKenzie Red Lake	.14	406,000
McWatters Gold Mines	.10	187,251
Noranda Mines	4.00	8,959,088
Northern Empire	.75	300,000
O'Brien Gold Mines	.20	650,000
Pamour Porcupine	.12	600,000
Paymaster Consolidated	.02	172,580
Perron Gold Mines	.20	400,000
Pickle Crow Gold Mines	.40	1,200,000
Pioneer Gold Mines	.40	700,700
Powell Rouyn Gold Mines	.05	62,500
Preston East Dome	.05	150,000
Privateer Mine	.22	539,898
Reno Gold Mines	.01½	28,200
San Antonio Gold Mines	.14	328,721
Sheep Creek Gold	.18	337,500
Silbak Premier	.16	400,000
Siscoe Gold Mines	.13	603,208
Sullivan Consolidated	.07	280,000
Sylvanite Gold	.25	824,875
Teck-Hughes	.40	1,922,858
Toburn Gold Mines	.16	296,000
Tombill Gold Mines	.05	50,000
Wright-Hargreaves	.70	3,850,000
Young Davidson	.02	316,822

Because the dividends paid by mining holding companies are accounted for in the dividend listing above, inclusion of the dividends paid by holding companies gives an inflated figure of the actual amount paid.

Coniagas Mines	.25	200,000
Gachin Holdings	.02¼	12,974
Goldale Mines	.02	56,806
Kerr Lake Mines	.15	90,000
Nipissing Mines	.15	180,000
Premier Gold	.12	600,000
Sudbury Basin Mines	.05	84,475
United Gold Equities	.06	12,075
Ventures	.15	236,093

Excluded also are the dividend payments of mining companies incorporated in Canada but whose profits are received entirely from properties outside Canada.

Bulolo Gold Dredging	3.00	3,000,000
Howe Sound	2.75	1,302,925
International Mining	.45	235,473
Lava Cap Gold Mining	.11	269,033
Pato Consolidated	.20	640,000
Placer Development	1.20	892,800
South American Gold & Plat.	.20	352,000

Ontario Golds Show Gain

But November Totals Decline With Day Less Than In October

Another increase was shown in the daily production rate of Ontario's gold mines in November with 62 mines in operation. Average daily production of 8,510 oz. of gold worth $328,693 from 30,632 tons of ore milled compared with 8,361 oz. worth $322,685 from 29,786 tons in the preceding month.

The increase in daily value of output was 1.86% while gain in tonnage milled was 2.84%.

During November, four mines were added to the ranks of the producers. These were Broulan Porcupine Mines, operating the mill of Mace Gold Mines under lease; Berens River Mines, now Ontario's most northerly gold producer; the Cordova mine of Consolidated Mining and Smelting Co.; and the Magino mine in the Algoma area, formerly the Algoma Summit.

Nearly $100 Millions

Production of Ontario gold mines in the first 11 months of this year almost touched $100 millions at $99,241,486 from 9,771,898 tons of ore milled. This compared with $90,202,938 from 8,726,287 tons of ore milled in the same period of 1938. Gains in both value of output and tonnage of ore milled were over 10%.

November production at $9,860,789 was slightly below the $10,003,258 for October, the drop being due to the fact there is one day less in November than October, for daily production rate was higher last month.

Not only did Porcupine lead in output and tonnage of ore milled in November, but it also reported 15 producing mines compared with 10 mines for the Kirkland Lake area, the second largest producing area.

Comparative production figures of different areas follow:

Ontario Gold Production

	1939 Tons milled	Value $
Porcupine Belt:		
Jan. to Sept. 30	3,800,242	34,326,407
October	445,228	4,429,918
November	439,527	4,495,832
Total	4,684,997	43,252,157
Kirkland Lake-Larder Lake:		
Jan. to Sept. 30	2,131,321	28,020,324
October	240,228	3,381,176
November	236,296	3,002,997
Total	2,607,845	34,404,497
Matachewan-Sudbury-Timagami:		
Jan. to Sept. 30	499,911	2,445,960
October	54,920	275,107
November	52,459	254,815
Total	607,290	2,975,882
Northwestern Ontario:		
Jan. to Sept. 30	1,498,035	14,574,447
October	183,010	1,917,057
November	190,656	2,107,145
Total	1,871,701	18,598,649
Total for Ontario:		
Jan. to Sept. 30	7,929,574	79,377,439
October	923,386	10,003,258
November	918,938	9,860,789
Total	9,771,898	99,241,486

Mining Enquiries

McIntyre Porcupine

Please give me a short résumé of McIntyre Porcupine's position.

McIntyre Porcupine Mines has shown a remarkably steady rate of earnings in recent years, continuing into the present fiscal year. In six months ended Sept. 30, 1939, net profit was equal to $2.27 a share compared with $2.26 a share in the same period of 1938. Net profits for the fiscal year ended March 31, 1939, amounted to $4.24 a share compared with $4.50 the previous year and $4.29 in the 1937 fiscal year.

Ore reserves showed a considerable increase as at March 31, 1939, due to the development of a rich new vein in the previous year. Reserves were equal to nearly five years milling requirements. The average value of the ore reserve was around 10% higher than the average grade of ore treated during the previous year. The company is continuing to treat all the lower-grade ore available and some of the very rich ore is being used to sweeten up lower grade material.

Working capital is equal to about $25 a share.

Paymaster Consolidated

What is the current position of Paymaster Consolidated Mines?

Paymaster Consolidated Mines reported a net profit equal to 1.1 cents a share for the year ending June 30, 1939, the same as for the previous fiscal year. The company is paying dividends which are not fully covered by the net profit reported, with two dividends of 1 cent each paid in the 1939 fiscal year. A further dividend of 1 cent a share has been declared payable Jan. 5, 1940, to shareholders of record Dec. 23, 1939. This dividend follows closely a dividend of 1 cent a share on Aug. 15, 1939. Output has been somewhat greater since the outbreak of war, due to the higher price being received for gold and profits are likely higher.

The company has increased ore reserves each year since the commencement of milling operations on Sept. 24, 1934, and as at June 30, 1939, reserves were equal to nearly four years milling requirements. Since that date, diamond drilling has located a new ore body which should provide considerable ore of good grade. In order to explore the new area at depth, a winze is being started from the 2,075-ft. level and will be put down to 2,575-ft. depth. Working capital amounted to approximately seven cents per share as at June 30, 1939.

Beryllium

Can you give me some information about beryllium and its properties? I understand that it is an alloy metal.

Beryllium is one of the important alloy metals although very little is produced in Canada. It is known as a very light and rather hard metal. When a small percentage of beryllium is added to copper, the tensile strength is raised approximately seven times. This enormous increase in the strength of copper is comparable to that given iron by the addition of carbon in steel making. There are also indications that beryllium will take an important place in alloying with steel and nickel.

The aviation industry has adopted beryllium-copper to a large extent for electrical parts in equipment which must give unfailing performance. Beryllium-copper contact springs have withstood over four billion flexes without sign of failure.

Beryllium is derived from the mineral beryl. To be commercial, the ore must contain at least 10% beryllium oxide.

National Malartic

What results are being obtained by National Malartic Gold Mines? How is the property situated with regard to other companies?

National Malartic Gold Mines has been carrying on a programme of diamond drilling at its property to the north of Sladen Malartic Mines and east of East Malartic Mines in the Malartic area of Quebec. Two zones carrying ore values have so far been indicated and at present further check drilling is being done to establish continuity. Difficulty has been experienced in relating isolated ore sections so far but J. P. Norrie, who is managing operations, states that results distinctly warrant underground work.

The company plans to carry out underground exploration from the east shaft of Sladen Malartic when that company finishes its own programme of shaft sinking early in 1940 and negotiations with Sladen Malartic are now being carried on. An alternative plan being considered is sinking of the company's own shaft, but exploration from the Sladen Malartic workings will be cheaper if satisfactory arrangements are concluded as it is believed they will. Present indications suggest there is a good chance of making a mine at National Malartic.

Kiena Gold Mines

Has Kiena Gold Mines located the wide zone indicated by diamond drilling in its exploration programme? I have heard the company's shares mentioned as an interesting speculation.

Kiena Gold Mines has completed a crosscut approximately 1,800 ft. long on its property in the Siscoe-Lamaque area of Quebec which has tested the ore zone indicated by diamond drilling. Where the crosscut located the drill indicated zone, a width of 20 ft. of marginal ore was found. Previously, two other ore occurrences had been located in the crosscut, both of which are considered worthy of exploration.

Plans call for the continuation of the crosscut, 200 ft. beyond the ore zone and for the running of a drift parallel to the shear, to establish diamond drill stations. Depending upon conditions encountered, it is proposed to complete about 10,000 ft. of diamond drilling.

Financing agreement with Thayer Lindsley was rearranged recently and the company should receive all the funds required for its present programme of exploration. Rights were also offered to shareholders a short time ago and this gave additional money.

Central Cadillac Gold Pours First Brick

The first gold brick poured by Central Cadillac Gold Mines in its milling operations at the leased mill of Thompson Cadillac Mining Corp. was worth between $14,000 and $15,000, shareholders were informed at the company's annual meeting held recently. An additional $3,613 was estimated to be tied up in the mill circuit.

So far only lower-grade ore has been treated while filling up the mill circuit goes on. Of 3,000 tons treated, 900 tons of low grade has been drawn from underground with the remainder coming from the surface ore dump. The mill is currently treating 150 tons daily with extraction running 88.2%. Treatment rate will be stepped up to 200 tons daily in the near future.

Canadian Bronze Pays Extra on Stock

From Our Own Correspondent

MONTREAL. — Canadian Bronze Co., in addition to the regular dividend of 37½ cents a share on the common stock, has declared an interim dividend of 50 cents for the three months ending January 31, payable February 1.

Canadian Oil Companies Earnings up for '39

Profits for Canadian Oil Companies in 1939 are likely to show some expansion over those of 1938 when $1.26 a share was earned on the common. The higher profits will be aided by better sales volume.

During the greater part of this year, Canadian Oil Companies has been able to obtain a larger share of the industrial business in petroleum than it was able to when controlled by National Refining Co. The Nesbitt, Thomson & Co. connections have been of assistance in this which has been responsible for a considerable part of the gain in profits.

Dominion Coal Output Setting New Records

MONTREAL. — Dominion Coal Co.'s Cape Breton collieries set four new records this month.

On Dec. 13 the mines hoisted a total of 22,271 tons of coal to the surface, establishing production record for the second successive day. The day before, the mines shattered the old mark with a 21,148 ton output.

Caledonia colliery No. 4, the oldest operating coal mine of the North American Continent and in active production for 73 years, set a new production record for an eight hour shift.

Falconbridge's Pace Normal

Supplies Again Going Forward Normally, Making Up October Delays

Shipments of matte to the refinery of Falconbridge Nickel Mines in Norway have not suffered to the extent anticipated in the first weeks of war, The Financial Post is informed. Since supplies have now been going forward normally for the past several weeks, it is believed the delays of early October will probably be offset by the end of the year.

While no figures are as yet available, it is understood earnings in the final quarter of the year will not differ greatly from those shown for the preceding three months. This would indicate total net profit equivalent to roughly 54 cents a share as against 30 cents a share paid out in dividends during the period.

Under war conditions no details of shipments will be made available by the company, but it is anticipated quarterly reports of production and earnings will be issued in the usual manner.

Coin Lake Has Survey Now Under Way

A magnometer survey is now under way at the property of Coin Lake Gold Mines as a preliminary to diamond drilling exploration. The property comprises 18 claims at Keezik Lake which were staked a short while ago following a discovery of gold.

If results prove satisfactory, it is possible a new company will be formed to take over the claims, with Coin Lake receiving a share interest and possibly participating in the financing. The company is in a good treasury position with a portfolio of dividend-paying golds and a considerable interest in Cochenour-Willans Gold Mines which came into production recently.

West Pete Negotiates For Drilling Wells

Following completion of a seismic survey, West Petroleum is now carrying on negotiations for financing three wells, Lionel C. West, president, informs The Financial Post.

The survey, completed at a cost of over $51,000 by Heiland Research Corp., of Denver, Colorado, indicated a domal structure on the Blood Indian Reserve with complete closure of 150 ft.

The company has selected 29,010 acres on the Blood Indian reserve from approximately 180,000 acres previously controlled. The holdings are leased from the Dominion Government for 21 years, renewable for 21 years. The first year's rental of 50 cents an acre has been paid.

On 21,970 acres there is a gross royalty of 10% to the Department of Indian affairs with a similar royalty and 2½% overriding royalty to Mr. West and nominees on the balance.

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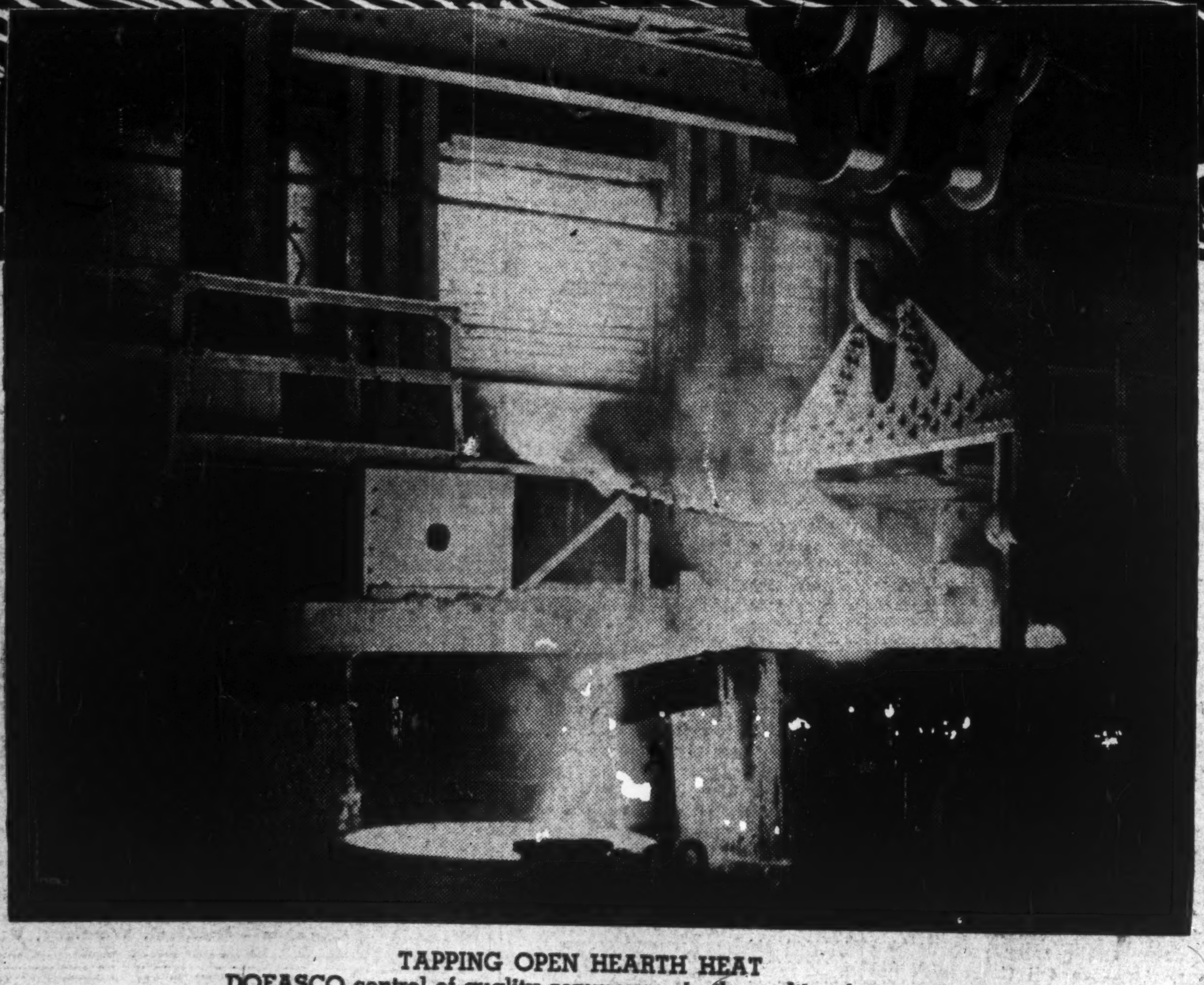

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